

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 2004

THURSDAY, MAY 15, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:47 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.
Present: Senators Stevens, Burns, and Inouye.

NONDEPARTMENTAL WITNESSES

**STATEMENT OF CAPTAIN IKE PUZON, U.S. NAVY RESERVE (RETIRED),
DIRECTOR OF LEGISLATION, THE NAVAL RESERVE ASSOCIATION**

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS [presiding]. I am not the chairman of this subcommittee. I am just another one of the hired hands. And it is terrible that you get scheduled on a day where we have vote-a-rama. It is not fair to you, it is not fair to us, it is not fair to anybody. So we will all go out and eat worms.

This is the first time that I have participated in this part of the Defense appropriations process, so I feel ill-equipped and ill-prepared, unwashed and uneducated about this whole thing. But I am going to start it. We will be having votes every 10 minutes and that is just not fair. But nonetheless, your testimony will be taken and I am sure it will be reviewed as this committee is pretty good about those things.

I am Senator Conrad Burns and of course our chairman and our ranking member will be back as soon as they cast their votes. I have already voted on this first one, but you have to watch those lights pretty closely. You know, if you miss one vote, well, that shows up in a 30-second spot the next time you run for reelection.

We thank you for your patience and your indulgence with the inconvenience of this. We would like to start off with Captain Ike Puzon, United States Navy Reserve, Retired. He is Director of Legislation for the Naval Reserve Association. Captain, thank you for coming this morning. We look forward to your testimony.

Captain PUZON. Thank you, sir. On behalf of my colleagues, we thank you for being here, and if we can strike quick while no one else is here we will appreciate that.

Senator BURNS. Good.

Captain PUZON. Thank you, sir, and the distinguished members of the Senate Appropriations Committee and the staff, for having us. It is an honor and a pleasure to be here before you representing 22,000 members of the Naval Reserve Association on behalf of over 86,000 members of the Naval Reserve, especially during these times of increased usage of the Guard and Reserve.

I am sure you have already heard in the past several weeks and months what a magnificent job our Guard and Reserve has done, what their families have done, and what their employers have done in responding to the commitment that the Department of Defense has asked these members to do. It is still important to focus on the members today of these units in the Guard and Reserve and the Naval Reserve, as well as the active duty members.

The challenges that our Reserve, Guard, and active components of the military face are gigantic, as you know, during these times of increased threat to our national security. It is encouraging that we have been so successful, but it is really no surprise because of the people.

The focus of what we do next is blurred by constant deployments, constant recalls, increased usage of equipment and Guard and Reserve, and of course modern technology. In my mind, the center stage should always be the people, both Active, Reserve, and Guard, and also modern technology. I think in today's age—good morning, sir.

Senator STEVENS [presiding]. Good morning.

Captain PUZON. All too often the technology charisma overrides the need for people.

Senator STEVENS. Yes, sir. Go ahead.

Captain PUZON. Yes, sir, good morning.

I recently studied for the Secretary of Defense in the 21st century and 2025 what technology would make a difference in 2025. Of the group that I was with in the study, we always came back to was what people we would have in 2025.

Naval Reserve, as you know, are people. They are training, they are responding, they are waiting, and they are deploying. What the Guard and Reserve and the Naval Reserve in particular provides has been discussed several times. Operational readiness, stand-alone missions, parallel capability, and surge capabilities have been talked about.

Yet in current operations and performance I think we need to look at transforming our program and planning documents and our appropriations process and our vision in the Navy. That includes what I call, in a sports metaphor, an all-pro team of experts. These are expert warfighters. They are not just experts from a Reserve component, and they have proven that. We need to include them in all planning documents.

This Reserve force is ready to go, it is ready to fight. It is ready and it is capable units and individuals. I like to talk to them and refer to them as all-pro military experts. Some call them ordinary people doing extraordinary work and extraordinary things. I just refer to them as an all-pro team ready to go when you need them.

In some cases in the past, as you know, only Congress has recognized that the Naval Reserve needed equipment and personnel benefits to keep the force healthy and parallel. We are at that time

again where you the Congress must provide that guidance. Due to affordability issues that you are very aware of and without a doubt have been in constant awareness of, the Congress must step in at this time and provide some guidance and vision for the Naval Reserve. Because of the cuts that are pending in 2004, fiscal year 2004, we will see this decrease in our force structure.

[The statement follows:]

PREPARED STATEMENT OF CAPTAIN IKE PUZON

Chairman, Senator Inouye, and distinguished members of the subcommittee, on behalf of the 22,000 members of the Naval Reserve Association, and the 86,000 active Naval Reservists and the mirrored interests of all members of the guard and reserve components, we are grateful for the opportunity to submit testimony.

A popular fad in the press is to write about the plight of the mobilized Reservist. These articles emphasize the anxiety of being away from work and or family. As was stated in Wall Street Journal, "The activation of tens of thousands of military reservists is beginning to interrupt careers and disrupt workplaces on a scale not seen in more than a decade."¹

In the press today, a climate of despair is painted about the Reservist. Focus is on the needless hardship for members of the Guard and Reserve, for their families and for their employers. The Naval Reserve Association would like to dispel this Myth. In defense of the Reservists, our indication is that there are a statistical few that complain about their circumstances. Portrayed as a predicament by the press, most Reservists, instead, view mobilization as an opportunity to serve their country. Reservists are serving their country in uniform proudly, and are not complaining. They do have concerns similar to anyone in or out of uniform, who is deployed quickly and unexpectedly.

Reservists from any service have shown us time and time again that they'll volunteer when asked, despite the impact of their personal and professional life. This service beyond self is not appreciated by many on the Active side or in DOD. Recent documents show that the Reserve Components are not integrated into the Vision of future conflicts, and Homeland Security.

Since 1990, the Active Duty services have grown languorous from a diet of contributory assistance, recall, and mobilization support. The number of contributory man-days has risen from 1 million in the late 1980's to nearly 13 million a year over the past few years. Rather than confront budget appropriators, the Active Components have been content to fill their force shortfalls with Reserve manpower.

If there is a raw nerve among Reservists, it is caused by how individuals are being utilized, and how often that individual and the unit is being called up. And, why aren't they being used. Pride and professionalism is a large factor in the profile of a Reservist, as it is with any member of the Armed Services. They want to be used how they have been trained, and they want to complement the Active Forces. Too often, they have been called up to do a marginal job, or stand weekend or night watches allowing active members time off. In situations like this, we often hear from our members that the active duty personnel of a particular command are not working overtime. The model used by the Navy calls for active duty personnel to be working a sixty hour work week before Reservists would be involuntarily recalled to active duty. Quite often, the requirement for recall is nothing more than to fill in the gaps in existing active duty manning. Recall and proper use of reservists needs constant monitoring and attention. We agree that transformation of legacy personnel manpower programs is overdue. But, Reserve Component involvement in personnel transformation is mandatory.

Another raw nerve among Reservists is attempts by the Navy to deny individuals their full entitlements. Over and over, Reservists are asked to make a voluntary mid to long term commitment of combining drills with multiple sets of 29 day orders. There is an institutional bias to issuing Reservists one set of orders for longer than 30 days thereby denying them greater entitlements. We strongly believe that this is an injustice to the individual and his/her employer that Congress should question. Recent testimony by the Under Secretary of Defense indicates some entitlements may change, however, a continuum of entitlements for all Armed Services members is due in today's military.

¹Massive Call-Up of Reservists disrupts Careers, Workplaces; Kemba J. Dunham, Kris Maher and Greg Jaffe, Wall Street Journal, Feb. 18, 2003.

Over a year ago, Deputy Assistant Secretary of Defense for Reserve Affairs meet with the Military Reserve Associations and asked how frequently is it acceptable to recall Reservists? His hope was an answer measured in years that could be programmed into a formula. Reservists are not inventory numbers, but individuals, and they belong to warfighting units.

In today's American way of war, the way a Reservist is used and recalled is vital to successful military operations, and essential to gaining the will of America. As Deputy Secretary of Defense Paul Wolfowitz has said, "How we manage our Reserve Components will determine how well we as a nation are prepared to fight, today and tomorrow."²

The question we are asking is: "Are today's DOD legislative initiatives taking us in the right direction for a sound Military and a strong National Defense, and meeting the National Security Strategy?" The ultimate question for the Department of the Navy: "What is your Vision for use and equipping of the Naval Reserve Force?" We hope that DOD is learning lessons from the past to avoid repeating mistakes in the future, and the Naval Reserve Association stands ready to assist in turning lessons learned into improved policy. If current DOD and DoN planning and resource documents are used, there will not be a Naval Reserve Force in the next ten years. If there initiatives are followed, there will be a pool of people somewhere—if they stay—that the Navy can call upon to fill gaps created by the next asymmetric conflict. The Naval Reserve Force has shown, time and again, when engaged—they are the All Pros that are as professional or better than any force. The recent VFA deployment is only one such example.

Our Key message for all to remember: One: Our nation needs a Naval Reserve Force—with Air and Surface assets to go fight and win our nations conflicts, it should be a center piece of our National Security Strategy. Two: As a nation, we must start now to recapitalize these forces, to remain relevant. Three: With the people and pay and benefits at the center, the Naval Reserve Force can play a key role in Homeland Security.

Again, thank you for this opportunity. Details of specific concerns by our Association on DOD initiatives follow, we hope you can help address them:

DEPARTMENT OF DEFENSE INITIATIVES

Roles and Missions

A Pentagon study has highlighted that the Guard and Reserve structure, today, is an inherited Cold War relic. As a result, the Guard and the Reserve organization has become the focus of "transformation." While it won't be denied that there could be a need for change, transformation for transformation sake could be disadvantageous. Visionaries need to learn lessons from the past, assimilate the technology of the future, and by blending each, implement changes that improve warfighting. Transformation is needed to move forward and ensure a Total Force that includes a strong Guard and Reserve.

The Reserve Component as a worker pool

Issue.—The view of the Reserve Component that has been suggested within the Pentagon is to consider the Reserve as of a labor pool, where Reservist could be brought onto Active Duty at the needs of a Service and returned, when the requirement is no longer needed. It has also been suggested that an Active Duty member should be able to rotate off active duty for a period, spending that tenure as a Reservist, returning to active duty when family, or education matters are corrected.

Position.—The Guard and Reserve should not be viewed as a temporary-hiring agency. Too often the Active Component views the recall of a Reservist as a means to fill a gap in existing active duty manning. Voluntary recall to meet these requirements is one thing, involuntary recall is another.

The two top reasons why a Reservist quits the Guard or Reserve is pressure from family, or employer. The number one complaint from employers is not the activation, but the unpredictability of when a Reservist is recalled, and when they will be returned.

100 percent mission ownership

Issue.—Department of Defense is looking at changing the reserve and active component mix. "There's no question but that there are a number of things that the United States is asking its forces to do," Rumsfeld said. "And when one looks at

² Remarks by Deputy Secretary of Defense Paul Wolfowitz, to the Reserve Officers Association 2002 National Conference, Philadelphia, PA, June 20, 2002.

what those things are, we find that some of the things that are necessary, in the course of executing those orders, are things that are found only in the Reserves.”

Position.—America is best defended through a partnership between the government, the military and the people. The Naval Reserve Association supports the continued recognition of the Abrams Doctrine, which holds that with a volunteer force, we should never go to war without the involvement of the Guard and Reserve, because they bring the national will of the people to the fight. While a review of mission tasking is encouraged, the Active Component should not be tasked with every mission, and for those it shares, no more heavily than their Reserve counterparts. Historically, a number of the high percentage missions gravitated to the Reserve components because the Active Forces treated them as collateral duties. The Reserve has an expertise in some mission areas that are unequaled because Reservists can dedicate the time to developing skills and mission capability, and sharing civilian equivalencies, where such specialization could be a career buster on Active Duty.

Augmentees

Issue.—As a means to transform, a number of the services are embracing the concept that command and unit structure within the Reserve Component is unnecessary. Reservists could be mustered as individual mobilization augmentees and be called up because often they are recalled by skills and not units.

Position.—An augmentee structure within the Naval Reserve was attempted in the 1950's/1960's, and again in the 1980's. In one word: Failure! Reservists of that period could not pass the readiness test. The image of the Selected Reservists, sitting in a Reserve Center reading a newspaper originates from the augmentee era. Some semblance of structure is needed on a military hierarchy. Early on, Naval Reservists created their own defense universities to fill the training void caused by mission vacuum.

Combining Active and Reserve Appropriations

Issue.—The fiscal year 2004 Defense budget request makes it clear that OSD intends to consolidate all pay and O&M accounts into one appropriation per service. These consolidations would require various legislative changes before they would become law. The rationale for the consolidations is to provide greater flexibility for the Active chiefs to move monies from the Reserve and Guard pay accounts to fund Active component pay and O&M shortfalls. Managing fewer appropriations would also make managing pay and O&M easier.

Position.—The Naval Reserve Association strongly opposes the proposed consolidation of all Guard, Reserve and Active pay into one service pay appropriation. We similarly oppose the proposed consolidation of all Guard, Reserve and Active operations and maintenance accounts into one service O&M appropriation. While we support seeking efficiencies wherever possible, we view the proposed “business” consolidation as ill conceived, misrepresented as inefficient, and as an attempt to reduce Congressional oversight. We oppose it for a variety of other reasons, as well.

Under current law, the Reserve chiefs are the directors for their respective Reserve pay and O&M appropriations. Public Law 90-168, as amended by the fiscal year 1997 NDAA, vested in the Reserve Chiefs full management and control of their respective Reserve financial resources. Consolidating Reserve and Active pay into one appropriation would divest the Reserve chiefs of this authority and preclude their executing the programs and responsibilities, and maintaining the readiness mandated by Congress.

Much of the Guard and Reserve annual training occurs during the fourth quarter of a fiscal year, the same time frame when the Active components are most likely to run short of funds and to desire to use Reserve pay and O&M to fund their own shortfalls. Allowing the Active components the “flexibility” to use Reserve funds whenever they need to pay Active component bills means that somewhere a Reserve soldier will not be paid or a Reserve unit, Reservist will not be trained for mobilization or receive the specialized training needed for promotion, and ultimately retention. The Active Component will have flexible funding at the cost of Reserve Readiness.

Inferred changes to DOPMA and ROPMA

Issue.—It has been suggested within a DOD Roles and Missions study that promotions in the Reserve Component need not be tied to Active Duty promotion rates. It was further stated that allowing a skilled Reservist to remain at a certain mid-grade rank enlisted or officer rank longer would allow that individual to perform a vital mission longer.

Position.—While NRA might support a change to the “promote up or out” policy; we in no way endorse having the Selected Reserve become an advancement wasteland.

Issue.—Secretary Rumsfeld has also publicly stated that he has the Personnel & Readiness office looking at how DOD can get the benefit of people in a specific job longer, and how we can have people increase the number of total years they serve if they want to. He is willing to extending military careers beyond 60 years of age.

Position.—While current policy permits individual waivers to retain certain skill sets, the Naval Reserve Association feels that authorizing changes to the length of tenure would have a negative impact and a rippling effect. History has shown time and again, if senior leaders are not encouraged to retire, there will be a retention collapse in the middle ranks, which erodes the long-term future of a component force. Few are so skilled, that a junior member can't fill the position with similar qualifications.

Pay and Compensation

Issue.—A premature release of information in the form of a Naval Reserve survey, revealed a DOD initiative to end “two days pay for one days work,” and replace it with a plan to provide 1/30 of a Month's pay model, which would include both pay and allowances. Even with allowances, pay would be less than the current system. When concerns were addressed about this proposal, a retention bonus was the suggested solution to keep pay at the current levels.

Position.—Allowances differ between individuals and can be affected by commute distances and even zip codes. Certain allowances that are unlikely to be paid include geographic, housing, education benefits, travel and adjustments for missing Healthcare.

The Naval Reserve Association holds reservations with a retention bonus as a supplemental source. Being renewed annually bonuses tend to depend on the national economy, deficit, and political winds. Further, would this bonus just be grandfathered to current Reservists, with some future generation forfeiting the bonus as an income source?

As one Reservists said, “With the nonreimbursed expenses for commuting and training, I could afford to drill at one days pay.”

Healthcare

Healthcare readiness is the number one problem in mobilizing Reservists. The governments own studies show that between 20–25 percent of Guardsmen and Reservists are uninsured.

We applaud the efforts of the TRICARE Management Activity. TMA has a strong sense of which the customer is. They emphasize communications, and are proactive at working with the military associations. NRA would like to see a continued effort at:

- Ensuring quality coverage for mobilized Reservist to provide continuity of healthcare.
- Seeking consistency of how TRICARE is implemented for mobilized Reservists and families between regions, and
- Establishing a TRICARE Health plan for uninsured drilling Reservists, similar to the successful SELRES Dental Program.

Business Initiative

Issue.—Many within the Pentagon feel that business models are the panacea to perceived problems with in military structure.

Position.—Reservists have the unique perspective of holding two careers; many with one foot in business and one foot in the military. The Naval Reserve Association suggests caution rather than rush into business solutions. Attempted many times in the past, business models have failed in the military even with commands that proactively support.

Among the problems faced are:

Implementing models that are incompletely understood by director or recipient.

Feedback failure: “Don't tell me why not; just go do it!”

The solution is often more expensive than the problem. Overburdened middle management attempting to implement. Cultural differences.

While textbook solutions, these models frequently fail in business, too.

Retirement: Age 55

Issue.—A one sided debate is being held through the press on whether changes should be allowed to Guard and Reserve to lower the retirement payment age. At a recent Pentagon press conference, Thomas F. Hall, the Assistant Secretary of Defense for Reserve Affairs, said he has “thought a lot about” lowering reserve retirement age. Hall said it would be “expensive” and might encourage Reservists to leave the workforce at too young an age. The Defense Department is now studying the issue to be part of a report to Congress next year.

Position.—Over the last two decades, more has been asked of Guardsmen and Reservists than ever before. The nature of the contract has changed; Reserve Component members would like to see recognition of the added burden they carry. Providing an option that reduces the retired with pay age to age 55 carries importance in retention, recruitment, and personnel readiness.

Most military associations are hesitant to endorse this because they envision money would be taken out of other entitlements, benefits, and Guard and Reserve Equipment budgets. The Naval Reserve Association suggests an approach to this issue that would not be that “expensive.”

The Naval Reserve Association recommends for discussion/debate that Reserve Retirement with pay prior to age 60 be treated like taking Social Security retirement early—if you elected to take it at say age 55, you take it at an actuarially reduced rate.

Most of the cost projected by DOD is for TRICARE healthcare, which begins when retirement pay commences. Again, if one takes Social Security before reaching age 65 they are not eligible for Medicare. NRA suggests that TRICARE for Reservists be decoupled from pay, and eligibility remains at age 60 years. With Social Security as a model, Reservists understand the nature of offsetting payments. The real expense in this proposal would be the administrative startup costs and whatever would be lost in interest crediting in the retirement trust fund.

Retention concerns should be set aside. Commissioned officers typically reach ROMPA limits at age 53. While enlisted are allowed to drill to age sixty, many in the Navy are limited by High Year Tenure policies that take them out of pay before then. When this happens, many submit their retirement without pay requests. By age 50, an enlisted has either already retired or is career.

At a minimum, hearings should be held to broaden the debate.

DEPARTMENT OF THE NAVY INITIATIVES

Temporary Recall of Reserve Officers (Three Years or Less)

Issue.—To properly match the Reserve officer’s exclusion from the active duty list as provided for by 10 U.S.C. 641(1)(D) with a corresponding exclusion from the authorized grade strengths for active duty list officers in 10 U.S.C. 523. Without this amendment, the active component would have to compensate within their control grades for temporary recalled Reserve officers who are considered, selected and promoted by RASL promotion selection boards. This compensation causes instability in promotion planning and a reduction in “career” ADL officer eligibility and promotion for each year a Reserve officer remains on “temporary” active duty. Therefore, Naval Reservists are temporarily recalled to active duty and placed on the ADL for promotional purposes. End result—failure of selection due to removal from RASL peer group.

Position.—Strongly support grade strength relief for the small percentage of Reserve officers who would possibly be promoted while serving on temporary active duty. Granting relief is a Win-Win situation. By removing the instability in promotion planning for the active component, Reserve officers can be issued recall orders specifying 10 U.S.C. 641(1)(D) allowing them to remain on the RASL for promotion purposes.

Equipment Ownership

Issue.—An internal study by the Navy has suggested that Naval Reserve equipment should be returned to the Navy. At first glance, the recommendation of transferring Reserve Component hardware back to the Active component appears not to be a personnel issue. However, nothing could be more of a personnel readiness issue and is ill advised. Besides being attempted several times before, this issue needs to be addressed if the current National Security Strategy is to succeed.

Position.—The overwhelming majority of Reserve and Guard members join the RC to have hands-on experience on equipment. The training and personnel readiness of Guard and Reserve members depends on constant hands-on equipment exposure. History shows, this can only be accomplished through Reserve and Guard equipment, since the training cycles of Active Components are rarely if ever—synchronized with the training or exercise times of Guard and Reserve units. Additionally, historical records show that Guard and Reserve units with hardware maintain equipment at or higher than average material and often better training readiness. Current and future war fighting requirements will need these highly qualified units when the Combatant Commanders require fully ready units.

Reserve and Guard units have proven their readiness. The personnel readiness, retention, and training of Reserve and Guard members will depend on them having Reserve equipment that they can utilize, maintain, train on, and deploy with when

called upon. Depending on hardware from the Active Component, has never been successful for many functional reasons. The NRA recommends strengthen the Reserve and Guard equipment in order to maintain—highly qualified trained Reserve and Guard personnel.

Closure of Naval Reserve Activities

Issue.—A proposal has been made, suggesting that a large number of Naval Reserve Centers and Naval Air Reserve Activities be closed, and that Naval Reservists could commute to Fleet Concentration Areas to directly support gaining commands and mobilization sites.

Position.—The Naval Reserve Association is opposed to this plan for the following reasons.

- The Naval Reserve is the one Reserve component that has Reserve Activities in every state. To close many of these would be cutting the single military tie to the civilian community.
- The demographics of the Naval Reserve is that most of the commissioned officers live on the coasts, while most of the enlisted live in the hinterland, middle America. The Naval Reservists who are paid the least would have to travel the farthest.
- The active duty concept of a Naval Reserve is a junior force, a structure based upon enlisted (E1–E3s) and officers (O1–O2's) billets that can't be filled because the individuals haven't left the fleet yet. When the Coast Guard "transformed" its Reserve force, it was a forced a restructuring that RIFFed many senior officer and enlisted leadership from the USCGR ranks, and caused a number of years of administrative problems.
- If training at fleet concentration centers was correctly implemented, the Navy should bear the expense and burden of transportation and housing while on site. Additionally, at locations such as Naval Station Norfolk, the overlap of Active Duty and Reserve training has shown an increased burden on Bachelor Quarters and messing facilities. Frequently, Reservists must be billeted out on the economy. With these extra costs, training would prove more expensive.
- Such a plan would devastate the Naval Reserves; retention would plummet, training and readiness would suffer.

Replacement of Full Time Staff (TARs) with Active Duty "Station Keepers"

Issue.—Another suggested initiative would to the replacement of Full Time Staff (TARs) with Active Duty "Station Keepers".

Position.—This has failed in the past, because the Active Navy doesn't commit its best or it's brightest to administer Reservists. It is not viewed as career enhancing, and those who complete the assignments tend to do poorly before competitive promotion boards. The assignments tend to often gravitate to unqualified second and third string players who are dead-ended in their careers, and Reservists retention, recruitment, readiness and morale tend to suffer.

CONCLUSION

The Four "P's" can identify the issues that are important to Reservists: Pay, Promotion, Points, and Pride.

- Pay needs to be competitive. As Reservists have dual careers, they have other sources of income. If pay is too low, or expenses too high, a Reservist knows that time may be better invested elsewhere.
- Promotions need to be fairly regular, and attainable. Promotions have to be through an established system and be predictable.
- Points reflect a Reservist's ambitions to earn Retirement. They are as creditable a reinforcement as pay; and must be easily tracked.
- Pride is a combination of professionalism, parity and awards: doing the job well with requisite equipment, and being recognized for ones efforts. While people may not remember exactly what you did, or what you said, they will always remember how you made them feel.

If change is too rapid in any of these four, anxiety is generated amid the ranks. As the Reserve Component is the true volunteer force, Reservists are apt to vote with their feet. Reservists are a durable, and are the "All Pro Team" resource only if they are treated right. Current conditions about the world highlights the ongoing need for the Reserve Component as key players in meeting National Security Strategy, we can't afford to squander that resource.

Senator STEVENS. Thank you very much. I hate to interrupt you here now. We have been given a problem. There will be 30-plus votes on the floor today. They occur every 10 minutes. So we have

to go back and forth to vote. We will have to limit you in time, and what we are going to try—Senator Inouye, Senator Burns, I do not know how long you are going to be here, but we are going to try to rotate so one of us is here at all times. But we will have to keep moving because it is going to be a difficult time.

So I appreciate your courtesy. I do want to say this to everyone. I am going to say, whoever is here is going to say who is the next witness. For instance, the next one is Ms. Holleman, and after that is Mr. Butler. We want you to know who is coming up next so we can determine if that person is not here and call up the next person before the next witness.

Is Mr. Holleman here now? Ms. Holleman. Pardon me.

Captain PUZON. Thank you, sir.

Senator STEVENS. Thank you. I appreciate your courtesy.

Good morning, ma'am.

STATEMENT OF DEIRDRE PARKE HOLLEMAN, ESQ., CO-DIRECTOR, NATIONAL MILITARY AND VETERANS ASSOCIATION, AND NATIONAL LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION

Ms. HOLLEMAN. Good morning. Mr. Chairman, Mr. Burns, it is an honor for me to be here to testify on behalf of the National Military and Veterans Alliance. The alliance is an umbrella group made up of 26 military, retiree, veterans, and survivor associations, with almost 5 million members. Our concerns are many, but our time is brief, so I will just touch on a few issues.

It is crucial that military health care is fully funded. These past few months have shown the important part the direct health care system plays in our military readiness. We must continue to be fully funded and the equipment and other supplies that have been used supporting our deployments in Iraq and Afghanistan must be replaced.

Additionally, the purchased health care system is essential to provide the services necessary to maintain a satisfied, healthy, and vigorous military family, whether active duty and their families, retirees, or survivors. It also helps to promote necessary retention.

In the last several years it has been this subcommittee's concerns and actions that stopped the constant funding shortfalls that have occurred for many years, and we are truly grateful. We ask that you continue to make sure that there is full funding in fiscal year 2004 for all parts of the defense health care budget.

The alliance is also deeply concerned about the changes that are going to occur shortly in the Tricare resource sharing program. Through this program at the present time approximately 3,500 health care professionals work at the Medical Treatment Facility (MTFs), treating approximately 2 million patients every year. With the advent of the Temporary National Economic Committee (TNECs), all these contracts will end and new ones will have to be negotiated, presumably through the MTFs. It is crucial that there is no break in services caused by this contractual change. The alliance asks that this subcommittee provide sufficient transitional funding and direction to this valuable program so this valuable program can continue without interruption.

With all the improvements that the military health care has seen in the last few years, one program has been ignored, Tricare Standard. Over 3.2 million military retirees under the age of 65 and

their families are covered by Standard. At this time very little thought is given to them. Tricare Standard beneficiaries should be contacted yearly and informed about their program and any recent changes that have occurred. No such contact occurs at this time.

It is especially important for the TRICARE Management Activity (TMA) to contact grey-area retirees when they reach 60 years old to tell them of their automatic qualification and benefits. They are not contacted now and often these retirees needlessly retain and pay for private health care insurance.

Most importantly, we hope that Tricare Standard will start to help recruit providers and help beneficiaries find them. At this time there is no requirement to do either and therefore Standard is becoming a more and more illusory benefit. The alliance requests that both sufficient funding and direction are given to improve this important program.

The Military and Veterans Alliance thanks you for having this hearing and listening to our concerns. Our written testimony deals with many additional areas. We hope that you will consider those points when finalizing your appropriations bills this year.

Again, Mr. Chairman, thank you very much for your attention.

Senator STEVENS. Thank you for your courtesy. It is nice to see you here today.

Ms. HOLLEMAN. Thank you.

[The statement follows:]

PREPARED STATEMENT OF DEIRDRE PARKE HOLLEMAN, ESQ.

INTRODUCTION

Mister Chairman and distinguished members of the Committee, the National Military and Veterans Alliance (NMVA) is very grateful for the invitation to testify before you about our views and suggestions concerning defense funding issues.

The Alliance was founded in 1996 as an umbrella organization to be utilized by the various military and veteran associations as a means to work together towards their common goals. The Alliance's organizations are: American Logistics Association, American Military Retirees Association, American Military Society, American Retiree Association, American World War II Orphans Network, AMVETS National Headquarters, Catholic War Veterans, Class Act Group, Gold Star Wives of America, Korean War Veterans Foundation, Legion of Valor, Military Order of the Purple Heart, National Association for Uniformed Services, National Gulf War Resource Center, Naval Enlisted Reserve Association, Naval Reserve Association, Non Commissioned Officers Association, Society of Medical Consultants to the Armed Forces, Society of Military Widows, The Retired Enlisted Association, TREA Senior Citizens League, Tragedy Assistance Program for Survivors, Uniformed Services Disabled Retirees, Veterans of Foreign Wars, Vietnam Veterans of America.

The preceding organizations have almost five million members who are serving our nation, or who have done so in the past and their families.

The overall goal of the National Military and Veteran's Alliance is a strong National Defense. In light of this overall objective, we would request that the committee examine the following proposals.

CURRENT AND FUTURE ISSUES FACING UNIFORMED SERVICES HEALTH CARE

The National Military and Veterans Alliance must once again thank this Committee for the great strides that have been made over the last few years to improve the health care provided to the active duty members, their families, survivors and Medicare eligible retirees of all the Uniformed Services. The improvements have been historic. TRICARE for Life and the Senior Pharmacy Program have enormously improved the life and health of Medicare Eligible Military Retirees their families and survivors. DOD's new Medicare Eligible Retiree Health Care Fund has been put into place. This addition should help stabilize funding for military health care in the future. Additionally, reducing the catastrophic cap, improving the TRICARE Prime Remote program and making other TRICARE improvements have

improved the situation of numerous other TRICARE beneficiaries. It has been a very successful few years. But there are still many serious problems to be addressed:

An Adequate Health Care Budget

As always, the most pressing issue facing military health care is an adequate Defense Department Health Care Budget. This is again the Alliance's top priority. With the additional costs that have come with the deployments to Southwest Asia, Afghanistan and Iraq, we must all stay vigilant against future budgetary shortfalls that would damage the quality and availability of health care.

Improving Tricare Standard

While great steps forward have been made in health care for those uniform services' beneficiaries covered under TRICARE Prime and TRICARE for Life, TRICARE Standard has withered on the vine. TRICARE Standard has truly become the step-child of military health care. The Alliance asks that this Committee financially support this final group of forgotten beneficiaries. Some improvements in the situation can be easily accomplished, others will indeed be difficult.

There should be a requirement that all TRICARE Standard beneficiaries be contacted at least once a year with information of the changes in the program and benefits. The Alliance believes that there is no other health care plan in the country that does not contact its beneficiaries on at least an annual basis. The TRICARE Management Activity (TMA) is considering plans to improve communications between TRICARE Prime and its beneficiaries. Including TRICARE Standard in such a plan would be an easy improvement.

An additional population needing to be contacted is the "gray area" Reservists when they reach age 60 and finally qualify for retirement pay. Too often, this group of retirees is unaware of the automatic enrollment, and individuals carry unneeded medical coverage. They should be informed of the TRICARE Standard as a benefit, and what it covers.

NMVA requests appropriations funding to support TMA making these contacts.

A much harder improvement in TRICARE Standard involves creating initiatives to convince health care providers to accept TRICARE Standard patients. TRICARE reimbursement rates are tied to Medicare reimbursement levels. It is well known that health care providers are dissatisfied with TRICARE reimbursement levels. The Alliance was pleased and relieved by the Administration's and Congress' recent corrections and improvements in Medicare reimbursement rates. This correction in the Medicare program will also be a great help to the TRICARE Program.

Yet this is not enough. The history of low and slow payments in the past for TRICARE Standard as well as what still seems like complicated procedures and administrative forms makes it harder and harder for beneficiaries to find health care providers that will accept TRICARE. Any improvements in the rates paid for Medicare/TRICARE should be a great help in this area. Additionally, any further steps to simplify the administrative burdens and complications for health care providers for TRICARE beneficiaries hopefully will increase the number of available providers.

The Alliance asks the Defense Subcommittee to include language encouraging continued increases in Medicare reimbursement rates.

One key tool in making low-cost MTF care available to military beneficiaries has been the resource sharing program: putting civilian health care professionals and support personnel into military hospitals and clinics. Currently, there are 3,500 people working and providing services in MTFs serving approximately 2 million patients annually.

The Alliance is concerned that a gap exists in the transition of this program from its current configuration to that of the new generation of T-Nex contracts. All current agreements must end with the current contracts, yet there is no clear guidance on how the Services will continue the resource share program, nor when the individual MTFs will be able to renew access to the current resources to implement this program.

The National Military Veterans Alliance request that this committee provide transitional funding to insure uninterrupted service between contracts.

Tricare Retiree Dental Plan (TRDP)

The focus of the TRICARE Retiree Dental Plan (TRDP) is to maintain the dental health of Uniformed Services retirees and their family members. Several years ago we saw the need to modify the TRDP legislation to allow the Department of Defense to include some dental procedures that had previously not been covered by the program. Adding these procedures was necessary to fulfill the intent of the TRDP to maintain good dental health for retirees and their family members. With this modification the TRDP achieved equity with the active duty dental plan.

With ever increasing premium costs, NMVA feels that the Department should assist retirees in maintaining their dental health by providing a government cost-share for the retiree dental plan. With many retirees and their families on a fixed income, an effort should be made to help ease the financial burden on this population and promote a seamless transition from the active duty dental plan to the retiree dental plan in cost structure. Additionally, we hope the Congress will enlarge the retiree dental plan to include retired beneficiaries who live overseas. The Alliance would appreciate this Committee's consideration of both proposals.

NATIONAL GUARD AND RESERVE HEALTH CARE

First, we would like to thank the efforts by the office of Secretary of Defense and TRICARE Management Activity for revising Health Affairs Policy 96-018. The changes made to TRICARE Prime allow families of activated Guardsmen or Reservists to be eligible for TRICARE Prime when the military sponsor has active duty orders for more than 30 days. This revision also allows the family to enroll without enrollment fees or co-payments.

Changes made to the TRICARE Prime Remote for Active Duty Family Members program allow the families of activated Reserve and National Guard, Prime Remote coverage, no matter where the sponsor lives as long as they resided with the service member before he or she left for their mobilization site or deployment location, and the family continues to reside there. We are very thankful for these improvements, however, additional changes are still needed.

Mobilized Health Care—Medical Readiness of Reservists

The number one problem faced by Reservists being recalled was medical readiness. The government's own studies indicate that between 20–25 percent of Reservists are without healthcare plans. Further study will show that another group is under insured. Congress needs to recommend a healthcare coverage for Reservists that could bridge this medical gap.

A model for healthcare would be the TRICARE Dental Program, which offers subsidized dental coverage for Selected Reservists and self-insurance for SELRES families. Reservists pay \$8.14 per month for an individual's enrollment and \$50.88 per month for a family enrollment. If mobilized to active duty for more than 30 consecutive days, the costs will be \$8.14 for a single enrollment and \$20.35 for a family enrollment. Members of the Individual Ready Reserve (Other than Special Mobilization Category) and their family members, and the family members of the Selected Reserve (not on active duty) will pay a new monthly rate of \$20.35 for a single enrollment and \$50.88 for a family enrollment.

In an ideal world this would give universal dental coverage. Reality is that the services are facing some problems. Premium increases to the individual Reservist have caused some of the junior members to forgo coverage. Dental readiness has dropped. Mobilized members have been "readied" by tooth extraction rather than tooth filling. The Military services are trying to determine how best to motivate their Reserve Component members. It is hard to make dental coverage mandatory if the Reservist must pay even a portion of it.

Position.—The National Military Veterans Alliance supports utilization of Guard and Reserve Dentists to examine and treat Guardsmen and Reservists who have substandard dental hygiene. The TRICARE Dental Program should be continued, because we believe it has pulled up overall Dental Readiness. Medical coverage plans should be explored to insure universal medical coverage for Guardsmen and Reservists; Reservists and their dependents should be allowed to join TRICARE.

Some Options

The Department of Defense has a model program extending FEHBP coverage to mobilized employees where basic employees premiums are paid. Other federal agencies can adopt this policy on an agency-by-agency basis but this policy is not uniform across all federal agencies.

Position.—As an option to TRICARE standard, the Alliance would like to see the government pay equivalent premiums directly to private employers if these companies choose to extend health coverage to the Reservist as an option.

Demobilized Health Care

Under the revised transitional healthcare benefit plan, Guard and Reserve who were ordered to active duty for more than 30 days in support of a contingency and have more than six years total active federal service are eligible for 120 days of transition health care following their period of active service. Guard and Reserve members with less than six years service will get 60 days of continued medical care.

Families were excluded from this coverage. An initial fix was a worldwide demonstration project, which permitted family members to be covered under this plan.

Position.—While 75 to 80 percent of returning Reservists will have healthcare when they return to their employers, the balance will be without healthcare beyond the current 120 or 60-day limitation.

—There should not be a demarcation at six years between 60 and 120 days. The jobs performed by the Reserve Component members were identical; their demobilization healthcare coverage should be identical.

—Demobilization transition TRICARE coverage for the post activated Reserve Component members should be expanded. A civilian is allowed up to 18 months of coverage under COBRA when transitioning between jobs. Military should be permitted the same.

Further.—The National Military Veterans Alliance supports OSD efforts to ensure the quality of demobilization processing. Each returning Guardsman or Reservist should be given a benchmark separation physical to document their health as they return from the “battlefields.”

NMVA asks the committee for funding to support DOD’s demobilization health care demonstration programs.

OTHER RESERVE/GUARD ISSUES (LONG-TERM)

Age 55 Retirement Payment Age

Over the last two decades, more has been asked of Guardsmen and Reservists than ever before. The nature of the contract has changed; Reserve Component members would like to see recognition of the added burden they carry. Providing an option that reduces the retired with pay age from 60 to 55 years carries importance in retention, recruitment, and personnel readiness. Some are hesitant to endorse this because they envision money would be taken out of other entitlements, benefits, and Guard and Reserve Equipment budgets. The National Military and Veteran’s Alliance recommends that Reserve retirement with pay be allowed prior to age 60, but be treated like Social Security retirement offset, at lower payments when taken at an earlier age. If a Reservist elects to take retired pay at age 55, it would be taken at an actuarially reduced rate, keeping the net costs at zero.

Most of the cost projected by DOD is for TRICARE healthcare, which begins when retirement pay commences. Again following the Social Security example, Medicare is not linked to Social Security payments. NMVA suggests that TRICARE for Reservists be decoupled from pay, and eligibility remain at age 60 years with Social Security as a model, Reservists understand the nature of offsetting payments. The only remaining expense in this proposal would be the administrative startup costs and adjustments to retirement accrual contributed to the DOD retirement accounts.

Pay and Compensation For Guard and Reserve

We are concerned about a recent DOD initiative to end “two days pay for one days work,” and replace it with a plan to provide 1/30 of a Month’s pay model, which would include both pay and allowances. Even with allowances, pay would be less than the current system. When concerns were addressed about this proposal, a retention bonus was the suggested solution to keep pay at the current levels. Allowances differ between individuals and can be affected by commute distances and even zip codes. Certain allowances that are unlikely to be paid uniformly include geographic differences, housing variables, tuition assistance, travel, and adjustments to compensate for missing Healthcare.

The National Military and Veterans Alliance holds reservations with a retention bonus as a supplemental source. Being renewed annually bonuses tend to depend on the national economy, deficit, and political winds. Further, would this bonus just be grandfathered to current Reservists, with some future generation forfeiting the bonus as an income source. The NMVA strongly recommends that the reserve pay system “two days pay for one days work,” be retained, as is.

OTHER RESERVE/GUARD RECOMMENDATIONS (SHORT-TERM)

Ensure adequate funding to equip Guard and Reserve at a level that allows them to carry out their mission. Do not turn these crucial assets over to the active duty force. In the same vein we ask that the Congress ensure adequate funding that allows a Guardsman/Reservist to complete 48 drills, and 15 annual training days per member, per year. This stems from the concern about a recent DOD plan, the “Defense Transformation for the 21st Century Act of 2003” that would potentially use some of these same “Reserve” dollars to fund involuntary 90-day pre-mobilization call up for training. This funding should come instead from the active duty budget, which will most directly benefit from this “deployment standards” training.

The NMVA strongly recommends that Reserve Program funding remain at sufficient levels to adequately train and support the robust reserve force that has been so critical and successful during our Nation's recent major conflicts.

CONCLUSION

Mr. Chairman and distinguished members of the Subcommittee the Alliance again wishes to emphasize that we are grateful for and delighted with the large steps forward that the Congress has affected the last few years. The new health care programs for Uniformed Service retirees 65 years and over (TRICARE for Life and the Senior Pharmacy) and active duty members and their families (TRICARE Prime Remote and the reduction of the catastrophic cap) have been great successes. We are also very appreciative of recent changes that impact our "citizen soldiers" in the Guard and Reserve. But there is still work to be done to improve health care programs for all qualified beneficiaries, and benefits and mission funding for our Guardsmen and Reservists. We understand that all of these issues don't fall under the direct purview of your subcommittee. However, we are aware of the continuing concern all of the subcommittee's members have shown for the health and welfare of our service personnel and their families. Therefore, we hope that this subcommittee can further advance these suggestions in this committee or in other positions that the members hold. We are very grateful for the opportunity to speak on these issues of crucial concern to our members. Thank you.

Senator STEVENS. Next is Mr. Butler, Deputy Director of Legislation, National Association of Uniformed Services. Good morning.

STATEMENT OF BENJAMIN H. BUTLER, DEPUTY DIRECTOR OF LEGISLATION, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. BUTLER. Good morning. Mr. Chairman, the National Association for Uniformed Services (NAUS) and the Society of Military Widows is very grateful for the invitation to testify before you about our views and suggestions concerning defense funding issues. There are several issues covered in my formal statement in detail. I would like to highlight a couple here today pertaining to survivors.

First I would like to mention the age-62 survivor benefits program offset with Social Security. NAUS's primary survivor goal is the elimination of the age-62 Strategic Business Plan (SBP) offset. This would increase the annuity from 35 percent to the original 55 percent. Not only were many of the earliest enrollees not provided the full explanation of the social security offset, but the Federal Government provides a substantially higher annuity with no offset for Federal Civil Service survivors. We urge the committee to provide funding for the annuity increase and end the often devastating effects of the offset.

On a related front, the National Defense Authorization Act for fiscal year 1999 provided a paid-up provision to the survivor benefit plan. The law states that, effective October 1, 2008, if a retiree has paid into the program for 30 years and is 70 years old then the premium is paid up. NAUS recommends the appropriate funding to accelerate the paid-up provisions and change the effective date from October 1, 2008, to October 1, 2003, the 30th anniversary of the program. Without a change, enrollees who meet this criteria are being penalized after that date for 5 years.

Also on the survivor front, NAUS strongly urges funding for S. 585. Currently, if the retired military sponsor who enrolls in the survivor benefits program dies of a service-connected disability, the surviving spouse is eligible for both the SBP annuity and dependency and indemnity compensation, or DIC, from the Department of Veterans Affairs. However, the SBP annuity is offset by the full

amount of DIC. Each program's purpose is different. SBP's goal is to provide for the loss of the sponsor's earned retired pay and DIC's goal is to provide the surviving spouse compensation for the loss of their spouse due to injuries caused by his or her service to their country. We strongly urge funding to eliminate this offset.

Finally, I would like to mention the retention of DIC on remarriage after age 55. All other Federal survivor benefits are retained if the beneficiary remarries after a certain age. The only exception is the military widow or widower receiving DIC. Many survivors do not remarry because they cannot afford to lose their DIC. As a matter of equity, a DIC survivor who marries after the age of 55 should retain his or her DIC status and benefits.

We would like to see the funding made available to end the remarriage penalty. NAUS strongly supports the funding for this type of legislation and any legislation that takes care of those that we leave behind.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you for those suggestions and I think you are right about that 55-year-old. We will do our best, Mr. Butler.

Mr. BUTLER. Thank you.

[The statement follows:]

PREPARED STATEMENT OF BENJAMIN H. BUTLER

INTRODUCTION

Mister Chairman and distinguished members of the Committee, The National Association for Uniformed Services (NAUS) is very grateful for the invitation to testify before you about our views and suggestions concerning the following defense funding issues:

Survivor Benefits Program (SBP) Improvements

Age 62 Survivor Benefits Program Offset

The National Association for Uniformed Services primary survivor goal is the elimination of the age 62 Survivor Benefit Program annuity offset. This would increase the annuity from 35 percent to the original 55 percent. Not only were many of the earliest enrollees not provided the full explanation of the benefits and the Social Security Offset, but the Federal Government provides a substantially higher annuity with no offset for federal Civil Service survivors annuities. We urge the committee to provide funding for the annuity increase, and end the often-devastating effects of the offset.

30 Year Paid-Up Status

A secondary goal is the acceleration of the paid-up provisions by changing the effective date from October 1, 2008 to October 1, 2003, the 30th anniversary of the program. Enrollees who have reached the age of 70 and have paid their SBP premiums for more than 30 years (360 payments) are being penalized. We ask that you provide funding to allow those early enrollees to be allowed this relief.

Survivor Benefits Program/Dependency and Indemnity Compensation Offset

The National Association for Uniformed Services strongly urges funding for S. 585. Currently, if the retired military sponsor, who enrolled in the Survivor Benefits Program, dies of a service-connected disability, the surviving spouse is eligible for both the SBP annuity and Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs. However, the SBP annuity is offset by the full amount of the DIC annuity. Each program's purpose is different, SBP's goal is to provide for the loss of the sponsors earned retired pay, and DIC's goal is to provide the surviving spouse compensation for the loss of their spouse due to injuries caused by his/her service to the country.

Defense Commissary Agency Funding and Staffing

The active duty service member continues to rate the Commissaries as a top benefit of the Quality of Life and Family Program portion of the military pay and compensation package. The 2002 Active Duty Status of Forces Survey gave the Exchange and Commissaries a 67 percent satisfaction rating. And yet, the Commissaries and Exchanges are still under attack, during a time when our highly trained and motivated military forces are away from their home bases. How can we justify attacking their families' convenient access to high quality food at savings that approach 30 percent?

Issue.—Why would the Department of Defense want to reduce the commissary benefit at its greatest time of need? The answer is money. DOD wants to reduce the subsidy for the commissary system that provides food and other essentials to troops and families around the world, which will end up in the military community losing the benefit.

Position.—The National Association for Uniformed Services strongly urges you to continue to provide the funding for the Commissary Subsidy to sustain the current services, which garnished a 67 percent approval rating, provided to the men and women protecting our nation. Commissaries are a key component of the military pay and compensation package. Any action that reduces the benefit means a diminished quality of life and more out of pocket costs.

Issue.—The Defense Commissary Agency has already begun the process of eliminating 2,650 personnel positions and reducing its funding by \$137,000,000 for fiscal year 2003.

Position.—NAUS believes that a reduction of this size will degrade the quality of the benefit by eliminating smaller commissaries and reducing days and hours of operation.

Issue.—The Department of Defense is planning the consolidation of the Armed Services three-exchange services into one single entity, though still retaining the "look and feel" of each store and maintaining the service culture to which the patrons are accustomed. The goal again, is to save money by elimination of redundant overheads, delivery systems, and the power of economy of scaling purchasing.

Position.—NAUS does not endorse a consolidation, especially if consolidation is for consolidation's sake. Streamlining, improving internal operations and implementation of cost saving measures must not reduce the value of the benefit.

NAUS supports funding for system studies, but not an accelerated consolidation.

Summary.—We all understand the importance of saving scarce taxpayer's dollars. Every taxpayer dollar collected must be used wisely to keep down the amount of taxes the government collects; this is only common sense. Therefore, every government agency, department or system must be as efficient as possible. For example, the leaders of the commissary system have been and are continuing to make internal changes to improve efficiencies and reduce overhead operating costs. DOD should be setting goals, not mandating changes.

Current and Future Issues Facing Uniformed Services Health Care

The National Association for Uniformed Services would like to thank the Subcommittee and the Full Appropriations Committee for its leadership in the past for providing the landmark legislation extending the Pharmacy benefit and TRICARE system to Medicare eligible military retirees, their families and survivors, making the lifetime benefit permanent, establishing the DOD Medicare Eligible Retiree Health Care Fund, reducing the catastrophic cap and making other TRICARE improvements. However, we must again urge that the Senate provides full funding of the Defense Health Program, especially now, while more activated reserve beneficiaries utilize the program.

In addition to medical care we are concerned that the current funding within DOD for maintenance and infrastructure improvements is inadequate. This lack of funding has forced commanders to make band-aid fixes that in the long term require more costly repairs, or even acceleration of closing completely. One example is the Armed Forces Institute of Pathology, located on the grounds of the Walter Reed Army Medical Center and which Congress declared a national resource in 1976. This world-class national resource provides a broad range of patient care consultant activities, educational programs and research for the military medical system, the Department of Veterans Affairs and the civilian medical community nationally and internationally. It is housed in a building that is over 50-years old and deteriorating badly—like much of the Walter Reed complex that is in need of repair and maintenance.

Mr. Chairman, the overall goal of the National Association for Uniformed Services is a strong National Defense. We believe that comprehensive, lifelong medical and dental care for all Uniformed Service beneficiaries regardless of age, status or loca-

tion furthers this goal. In light of these overall objectives, we would request that the committee examine the following proposals:

TRICARE Improvements supported by NAUS

Our first and foremost goal is to increase the provider reimbursement rates to more realistic amounts. Without adequate reimbursement rates, the ability to maintain a viable, qualified list of medical providers is hindered. That directly affects the health of our service members and their families. Secondly, we ask that you provide funding to improve the TRICARE Standard Program, to include increased communication between the TRICARE Management Activity and the Standard beneficiary about the benefits of the program and assisting the Standard beneficiary in locating an available provider. Finally, we encourage the subcommittee to maintain the TRICARE Standard plan as the fee-for-service plan that was initially created and continue its efforts to eliminate the pre-authorizations now required.

Medicare Part B Enrollment

The law enacting the TRICARE for Life program requires Medicare Part B enrollment for participation in the TRICARE for Life program. In addition, Part B is required for all retirees reaching age 65 on or after 1 April 2001 for them to participate in the new pharmacy program.

Secondly, some 12,000 retirees residing overseas are required to participate in Part B Medicare in order to enroll in TRICARE for Life. Since they cannot use the Medicare benefits overseas, we recommend that this requirement be eliminated for all retirees residing overseas and that upon their relocation to the United States be allowed to enroll in Part B without the delayed enrollment penalty.

Also, some retirees who lived near military installations did not enroll in Part B because they relied upon the promise of lifetime medical care at the hospitals and clinics located on the military bases, which have subsequently been closed. Many are in their 70's and 80's now and cannot afford to pay the huge Part B delayed enrollment penalties.

Position.—We recommend that those who relied on these hospitals and were 65 on or before 6 October 2000, the date TFL was enacted by NDAA for fiscal year 2001, be allowed to participate in TFL without enrolling in Part B Medicare or at the very least waive the delayed enrollment penalties.

FEHBP

The National Association for Uniformed Services has been a long time proponent of legislation that would provide military personnel the option of participating in the Federal Employees Health Benefit Program. Though confident that the TRICARE program and the TRICARE for Life program will be successful, because they are an outstanding value for most beneficiaries, in a few cases, the TRICARE/TRICARE for Life options may not be the best choice, or may not be available for the eligible beneficiary. For that reason, we believe the FEHBP option should be enacted. Providing the FEHBP, as an option would help stabilize the TRICARE program, provide a market based benchmark for cost comparison and be available to those for whom TRICARE/TRICARE for Life is not an adequate solution.

Position.—NAUS strongly urges the committee to provide additional funding to support a full FEHBP program for military personnel as an option.

Include Physician and Nurse Specialty Pay in Retirement Computations

Results of the 2002 Active Duty Survey show that pay and benefits are the most important factors impacting retention. Improving specialty pay/bonuses and including specialty pay/bonuses in retired pay calculations would aid retention. Therefore, prompt action to retain these and other highly skilled medical professionals is needed.

Position.—The National Association for Uniformed Services requests funding to allow the military physicians and nurses to use their specialty pay in their retirement computations. The military services continue to lose top quality medical professionals (doctors and nurses) at mid-career. A major reason is the difference between compensation levels for military physicians and nurses and those in the private sector.

Uniform Claims processing and Billing

It has been the long term hope that part of the growing costs of medical treatment in both the Department of Defense and the Department of Veteran Affairs could be paid by billing private insurance companies and Medicare/Medicaid systems (DOD and VA Subvention). Numerous attempts to improve these financial streams have failed.

Position.—In part this failure has been caused because the various systems do not share the same system for claims and billing. Since the dominant system of all medical claims in the country is clearly Medicare if DOD and the VA adopted the Medicare claims system ALL parties—Private Insurance Companies, DOD, the VA and Medicare/Medicaid would know what medical services, pharmaceuticals, laboratory services and the like have been provided. Such a uniform billing plan could also lead to improvements in allowing the VA to be a fully participating TRICARE network provider. This does not solve the other billing problems but at least it would put all the parties on the same sheet of music.

DOD and VA Subvention

The attempt of Medicare subvention (having Medicare pay for treatment of its beneficiaries at MTFs) with the DOD has been a huge disappointment. The Department of Defense has received no stream of payments. Medicare's required level of effort has never been reached by an MTF. But this goal should not be abandoned. The active duty member, his or her working spouse, the Veteran and the Military Retiree have all spent their working careers paying money into the Medicare system. The taxes have been paid but if they receive treatment in a MTF or a VA hospital or clinic the facility receives nothing from Medicare to help pay for that beneficiary's services.

Position.—The financially strained medical systems of the VA and DOD should receive some of the support their patients have paid. Again, if DOD and the VA adopted Medicare's billing system it could support an effective attempt at subvention.

Active and Reserve

The most important element of military readiness is a high quality force. The quality force that we have fighting for us today is the result of over twenty years of effort. The National Association for Uniformed Services doesn't want to see these gains lost.

We understand that DOD plans budget cuts, with the services again looking at end strength reductions especially in the Reserve Components at a time that we are fighting a war against multiple undefined terrorist factions.

We request that you consider language in the appropriations bill to direct DOD to cease further reductions in both Active and Reserve components until the threats to our Nation are properly determined and a National Defense Strategy is clearly defined. We shouldn't forget the needs of our Soldiers, Sailors, Marines and Airmen in the field. Quality of life includes quality on the job. The National Association for Uniformed Services supports a 4.1 percent pay raise for all seven of the Uniformed Services. We further support targeted pay raise proposals for enlisted members in grades E-5 to E-9, and selected warrant officers.

Additionally, NAUS feels that it is important to invest defense dollars for equipment procurement beyond the administration's budget. The service chiefs have provided non-funded requirements for both the active and Reserve components that will be needed by our people in the near future.

We ask that funds be provided utilizing the National Guard and Reserve Equipment Account. While the Senate has pressured to reduce the NGRE, the services have failed in their responsibility to budget for Reserve equipment; until this is resolved we believe the NGRE should be used for this purpose.

Reserve members were quick to step forward; some have already sacrificed their lives during this war as part of this nation's total force. In recognition, we ask for parity between active and reserve components when it comes to pay and compensation and retirement. We encourage this committee to support future hearings dealing with pay and compensation as these proposals are developed.

NAUS believes that funding lifelong medical and dental care for all of the uniformed service beneficiaries, regardless of age, Active or Reserve status or location, supports the goal of mobilization readiness. But we would like to call attention to the ongoing need of funding TRICARE providers and, in turn, supporting the troubled TRICARE network.

This is especially hard on the families of reservists who don't relocate when their warriors are mobilized. We hope the committee will support monies for military treatment facility subvention and utilization of veterans affairs hospitals as TRICARE providers.

Transformation

The Secretary of Defense's office is conducting a series of studies emphasizing transformation, relying on costly, undeveloped technologies, seeking dollar savings by reducing end strength in a flexible, adaptive fighting force.

The first suggested legislation has been released entitled the "Defense Transformation for the 21st Century Act of 2003." While Secretary of Defense Rumsfeld's

staff has attempted to come up with new solutions to old problems, blanket implementation may result in unintended consequences.

Issues Affecting Appropriations

Increased cost to the retirement fund is NAUS's concern if the 75 percent ceiling is lifted, and a unrestricted multiplier is allowed, permitting flag and general officers to be paid more in retirement than on active duty.

NAUS is concerned with removing the pay limitations on retired pay for general and flag officers, which is currently held equal to level III of the Executive Schedule.

Enhanced General Transfer Authority; transfer of funds: NAUS opposes granting authority to SECDEF to permit the transfer of 2.5 percent of the total appropriations between funds (except MILCON) for military functions—five percent in times of war or emergency.

This is too high a sum of money, undercuts the appropriations process, and creates a high risk to have authorized items stripped of funding to support a DOD project viewed as underfunded.

Transfer of Funds to correct specific acquisition. NAUS feels there is no need to allow reprogramming of funds. This is a requested change from \$10 million to \$20 million, again reducing Congressional oversight.

Another suggestion within the Transformation Act is allowing "improved involuntary access" to Reserve Component members for enhanced training prior to mobilization. Suggested language calls this "up to 90 days of active duty for training," which indicates that this preparation for mobilization will come from reserve training funds rather than from the budget of the active duty, which will most directly benefit from this "deployment standards" training.

NAUS requests that the A.T. funding be expanded beyond the 15 days of A.T. per guardsman and reservist, to allow for these additional periods of training, otherwise this unit training will strip away training dollars from individual reservists.

CONCLUSION

Mr. Chairman and distinguished members of the Sub-Committee, we want to thank you for your leadership and for holding these hearings this year. You have made it clear that the military continues to be a high priority and you have our continuing support.

Senator STEVENS. Next will be Mr. Duggan. But, Mr. Duggan will you wait? We will start you when the Senator comes back. I will go vote and someone else will be here.

Senator INOUE [presiding]. Please forgive us for this vote-a-rama.

Mr. DUGGAN. Yes, sir. Good morning, sir.

Senator INOUE. The next witness will be Dennis "Mike" Duggan, Deputy Director of the National Security, Foreign Relations Division of the American Legion.

STATEMENT OF DENNIS M. DUGGAN, DEPUTY DIRECTOR, NATIONAL SECURITY, FOREIGN RELATIONS COMMISSION, THE AMERICAN LEGION

Mr. DUGGAN. Good morning, sir, and thank you. Mr. Chairman, the American Legion, as the Nation's largest organization of war-time veterans, is extremely grateful for this opportunity to present its views regarding the Defense appropriations for fiscal year 2004. We have always valued your leadership in assessing and appropriating adequate funding for the defense establishment, including its military quality of life, readiness, and modernization or transformation.

The stunning military successes in Iraq validate this committee's investing in our armed services and I am sure we are all appreciative of that. As we speak, thousands of soldiers, sailors, airmen, and marines, Active and Reserve components, continue to valiantly serve in the Persian Gulf and Afghanistan. All Americans are

proud of what they have achieved, while cognizant of the fact that the war on terrorism does in fact continue.

Americans expect us to support our troops and to support a strong national defense and we believe this fiscal year 2004 bill does that.

Mr. Chairman, our Armed Forces, as effective as they are, are spread thin and over 220,000 reservists have been activated for homeland security missions and the war on terrorism. Our reserve components are no longer reserve. They are on the front lines. The extent to which they are being used in larger numbers and over longer periods of time may well result, however, in reduced recruiting and retention. We do not know that at this stage.

Some active component, reserve component shifts may be necessary and may improve force levels and strengthen the active capabilities. However, it appears that funding the increase of active duty end strengths is imperative. We believe that, the American Legion does, that the active duty end strengths need to be increased.

We are also aware of a number of aging systems which the Armed Forces continue to keep in their active inventory which probably need replacing at this stage of the game, to include refueling tankers for one. Another, of course, that comes to mind is the CH, aging CH-46 Sea Knight, and there have been a number of accidents involving that and I just wonder if they just need to be replaced.

We understand the CH-47 Chinooks have been pretty well upgraded, the Army version, with new engines and so forth. But the CH-46 Sea Knight may need replacing or at least greatly upgrading.

The American Legion applauds the SASC, Senate Armed Services Committee, bill calling for a survey of military retirees by the Department of Defense (DOD) to determine the viability and the adequacy of the Tricare Standard benefit that was brought up by the last speaker. We do urge that Tricare reimbursement rates probably need to be increased and that the Defense health system as well be fully funded. Many care-eligible military retirees and their dependents remain forever grateful of the Tricare for Life program and the Senior Tricare Pharmacy Benefit as well for those over age 65.

The American Legion applauds the raises in base pay and allowances for the active force. But family separation allowances, hostile fire pay, or imminent danger pays, we believe need to be increased, as does the rather archaic death gratuity benefits as well. The 6,000 bucks is not a whole heck of a lot for families that lose a loved one in action.

Reserve benefits need to be increased consistent with the extent to which reservists are being mobilized to perform active duty missions. Retired reservists should be eligible for reservist pay and Tricare health care before the age of 60 and also reservists should have unlimited access to military commissaries.

Just one last word, Mr. Chairman, and that has to do with the recently enacted combat-related special compensation for disabled military retirees. It flagrantly to a large extent leaves off our disabled reservists and guardsmen who have served 20 or more years

and who are not even eligible to really apply for that special compensation.

Mr. Chairman, we thank you again for this opportunity. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF DENNIS M. DUGGAN

Mr. Chairman, The American Legion is grateful for the opportunity to present its views regarding defense appropriations for fiscal year 2004. The American Legion values your leadership in assessing and appropriating adequate funding for quality-of-life, readiness and modernization of the Nation's armed forces.

Once again, the United States is involved in two wars—the war against terrorism and Operation Iraqi Freedom. American fighting men and women are proving that they are best-trained, best-equipped and best-led military in the world. As Secretary of Defense, Donald Rumsfeld has noted, the war in Iraq is part of a long, dangerous global war on terrorism. The war on terrorism is being waged on two fronts: overseas against armed terrorists and the other here protecting and securing the Homeland. Indeed, most of what we as Americans hold dear are made possible by the peace and stability, which the armed forces provide.

The American Legion adheres to the principle that this Nation's armed forces must be well manned and equipped, not to pursue war, but to preserve and protect peace. The American Legion strongly believes that past military downsizing was budget-driven rather than threat focused. Once Army divisions, Navy carrier battle groups, and Air Force fighter wings are eliminated from the force structure, they cannot be rapidly reconstituted regardless of the threat or emergency circumstances. Military recruitment has also been sporadic in the face of obvious quality-of-life concerns, frequent and lengthy deployments, and the recession, in spite of the patriotic American spirit which has followed the terrorist attacks of September 11th.

The Administration's budget request for fiscal year 2004 totals \$2.2 trillion and authorizes \$379.9 billion for defense or about 16.6 percent of the budget. The fiscal year 2004 defense budget represents a \$14 billion increase in defense spending over the current funding level. It also represents 3.4 percent of our Gross Domestic Product, more than the 3.3 percent in the fiscal year 2003 budget. Active duty military manpower end strength is 1,388,100, only slightly changed from the 1.37 million of fiscal year 2002. Selected Reserve strength is 863,300 or reduced by about 25 percent from its strength levels during the Gulf War of 12 years ago..

Mr. Chairman, this budget must contain funding to fight the war on terrorism, sustain military quality of life and continue to transform the military. A decade of overuse of the military and it's under-funding, however, will necessitate sustained investments. This budget must also address increases in the military endstrength of the Services, accelerate ship production, and funding for the concurrent receipt of military retirement pay and VA disability compensation for disabled military retirees.

If we are to win the war on terror and prepare for the wars of tomorrow, we must take care of the Department's greatest assets—the men and women in uniform. They are doing us proud in Iraq, Afghanistan and around the world.

In order to attract and retain the necessary force over the long haul, the military continues to look for talent in an open market place and to compete with the private sector for the best young people our nation has to offer. If we are to attract them to military service in the active and reserve components, we need to count on their patriotism and willingness to sacrifice, to be sure, but we must also provide them the proper incentives. They love their country, but they also love their families—and many have children to support, raise, and educate. We have always asked the men and women in uniform to voluntarily risk their lives to defend us; we should not ask them to forgo adequate pay and subject their families to repeated unaccompanied deployments and sub-standard housing as well.

The President's 2004 defense budget requests \$98.6 billion for military pay and allowances, including \$3.7 billion for a 2 percent to 6.3 percent pay raise and \$300 million for the option for targeted pay-raises for mid-grade officers and NCOs. It also includes \$4.2 billion to improve military housing, putting the Department on track to eliminate most substandard housing by 2007—several years sooner than previously planned. It will also lower out-of-pocket housing cost for those living off-base from 7.5 percent to 3.5 percent in 2004—so as to hopefully eliminate all out-of-pocket costs for the men and women in uniform by 2005.

Together, these investments in people are critical, because smart weapons are worthless to us unless they are in the hands of smart, well trained Soldiers, Sailors, Airmen, Marines and Coastguardsmen.

The American Legion's National Commander has visited American troops in South Korea, as well as a number of installations throughout the United States. During these visits, he was able to see first hand the urgent, immediate need to address real quality of life challenges faced by service members and their families. He has spoken with families on Womens' and Infants' Compensation (WIC). Quality of life issues for service members, coupled with heightened operational tempos, play a key role in the recurring recruitment and retention woes and should come as no surprise. The operational tempo and lengthy deployments must be reduced. Military missions were on the rise before September 11 and deployment levels remain high and the only way, it appears, to reduce repetitive overseas tours and the overuse of the Reserves is to increase military endstrengths for the services. Military pay must be on par with the competitive civilian sector. If other benefits, like health care improvements, commissaries, adequate quarters, quality child care, and impact aid for education are reduced, they will only serve to further undermine efforts to recruit and retain the brightest and best this nation has to offer.

QUADRENNIAL DEFENSE REVIEW (QDR)

Since the collapse of the Soviet Union in 1991, America has conducted three substantial assessments of its strategy and force structures necessary to meet the national defense requirements. The assessment by the first President Bush Administration ("Base Force" assessment) and the assessment by the Clinton Administration ("Bottom-Up Review") were intended to reassess the force structure in light of the changing realities of the post-Cold War world. Both assessments served an important purpose in focusing attention on the need to reevaluate America's military posture; but the pace of global change necessitated a new, comprehensive assessment of the current defense strategy for the 21st Century. The current QDR was formatted before September 11, 2001.

The American Legion has supported the force structure proposed by the Base Force Strategy: Maintaining 12 Army active duty combat divisions, 12 Navy aircraft carrier battle groups, 15 Air Force fighter wings and three Marine Corps divisions, and a total manpower strength of at least 1.6 million. The American Legion initially supported the theory behind the two-war strategy: if America were drawn into a war with one regional aggressor, another could be tempted to attack its neighbor, especially if this aggressor were convinced that America and its allies were distracted, lacked the will to fight conflicts on two fronts, or did not possess the military power to deal with more than one major conflict at a time. Determining the right size of U.S. forces for more than one major conflict would provide a hedge against the possibility that a future adversary might mount a larger than expected threat. It would also allow for a credible overseas presence that is essential in dealing with potential regional dangers and pursuing new opportunities to advance stability and peace. The American Legion has always believed that any such strategy should be capabilities-based rather than budget-driven.

The two-war, nearly simultaneously, strategy was criticized as being too narrowly focused on preparing for two specific conflicts, was under-prepared for other contingencies and was never adequately resourced. We believe that for the strategy to be credible it must employ more robust force structures and continued increased budgeting to improve quality-of-life, readiness and modernization. The American Legion believes the "win-win" two-war Bottom-Up Review strategy was delusional. With growing worldwide commitments, America has a "win-hold" strategy, at best, with only 10 Army active combat divisions, three Marine divisions, 12 Navy carrier groups and eight National Guard Divisions to utilize.

The reality of a two-war strategy appears to have arrived. Once again, we have fought in the Persian Gulf while keeping an eye on developments in North Korea. The armed forces have appeared to be over committed for too long with their many missions to include preparation for conventional warfare, peacekeeping in the Balkans, counterterrorism operations in the Philippines and Colombia as well as Homeland Security and the global War on Terrorism to include combat operations in Iraq and Afghanistan.

The American Legion also believes America can no longer afford to become the world peace enforcer by dispatching forces on unbudgeted operations whether the United Nations passes or does not pass a resolution to do so. The American Legion believes Congress needs to remain involved in the decision-making process regarding the commitment of U.S. military forces. These forces should be deployed only when the vital national interests of America are clearly at stake, supported by the

will of the American people and Congress, and a clear exit strategy exists. Congress needs to become involved in the policy of committing U.S. troops before troops are actively committed, not afterwards. Clearly, our war in Iraq has satisfied all these conditions. For that reason, the Armed Forces are deserving of congressional support for increased resourcing.

PROCUREMENT/TRANSFORMATION

Only a few major systems currently in production would be funded in the fiscal year 2004 defense budget. The funding level for procurement is improved but needs to be sustained. The American Legion fully supports the Army's Transformation Program. Major development programs that The American Legion also supports include the Air Force F-22 fighter and C-17, F/A-18Es for the Navy, and Joint Strike Fighters for the Air Force and Navy. Unquestionably, the Navy needs to upgrade its aging fleet and air arm as well as acquire more submarines. The American Legion strongly believes that the seven-ship rate of ship-building needs to be increased so that at least 8–10 ships are built annually.

If left unadvised, omissions in DOD's modernization budget will have the following implications:

- They will result in the continued deterioration of the defense industrial base.
- The future technological superiority of American forces will be at risk thereby increasing the danger to servicemembers should they be called into combat. We are currently retiring ships and aircraft faster than they are being built.
- The failure to replace and upgrade equipment in a timely manner will create a massive modernization shortfall in each of the military services and, possibly, lead to even more serious readiness problems in the long run.

America's winning technology in the Persian Gulf War, like its victorious all-volunteer force, did not develop overnight, but had its genesis in the decade of the 1980's. The modernization of the Armed Forces since the end of the Persian Gulf War, unfortunately, has been delayed and curtailed. The 2004 budget request is designed to advance each of the transformational goals mentioned by the Secretary of Defense in his Congressional testimony last year. It accelerates funding both for the development of transformation programs as well as by funding modernization. Recognizably, transformation is a process, and is a process that must continue. The Chairman of the Joint Chiefs of Staff during fiscal year 1998 defense budget hearings called for procurement budgets of \$60 billion annually, which for the first time was reflected in the fiscal year 2001 budget. Army procurement dollars alone have plummeted by almost 80 percent since the mid-1980's, and by 67 percent for all the services. Trade-offs to maintain readiness within budget constraints have caused the Services to cancel a number of weapons systems and to delay others.

A number of defense consulting firms have predicted that the armed forces are heading for a "train wreck" unless annual defense budgets called for procurement accounts in the \$118 billion range, rather than in the \$45–60 billion range.

The American Legion urges Congress to preserve America's defense industrial base by continuing to fund research, development and acquisition budgets so as to retain its technological edge in the 21st Century and assure that military production can surge whenever U.S. military power is committed. Some of these capabilities, such as tank production and shipbuilding, need to be retained. Key industrial capabilities that preserve more of the defense industrial base need to be identified and retained.

The American Legion opposes termination or curtailing of essential service modernization programs, diminution of defense industrial capabilities, and rejects the transfers of critical defense technologies abroad.

The American Legion firmly believes with the continuing threat of nuclear proliferation, America should retain its edge in nuclear capabilities as represented by the TRIAD system, and the highest priority should be the deployment of a national missile defense. Although the development and deployment of advanced theater missile defenses to protect U.S. forward deployed forces is imperative, any dismantling of acquisition programs to defend the American people is imprudent. America should continue to march on deploying an anti-ballistic missile detection and interception system that is capable of providing a highly effective defense against limited attacks of ballistic missiles. The price of maintaining a strong defense is expensive in terms of tax dollars, but failure to do so could prove much more expensive in terms of human lives and real threats to freedom. The national security framework provides the umbrella that allows Americans to work and prosper without fear. A strong national defense does not inhibit a strong economy; it complements it. Congress and the military establishment must spend tax dollars prudently and effec-

tively. DOD must ensure that all aspects of its procurement and manning levels are responsible and disciplined.

QUALITY OF LIFE

The American Legion's major National Security concern is the enhancement of the quality of life issues for service members, Reservists, National Guardsmen, military retirees, and their families. During the 107th Congress, President Bush and Congress made marked improvements in an array of quality of life issues for military personnel and their families. These efforts are visual enhancements that must be sustained.

In the fiscal year 2002 defense budget, the President and Congress addressed improvements to the TRICARE system to meet the health care needs of military beneficiaries; enhanced Montgomery GI Bill educational benefits; and the addressed homelessness throughout the veterans community. For these actions, The American Legion applauds your strong leadership, dedication, and commitment. However, major issues still remain unresolved: the issue of concurrent receipt of full military retirement pay and VA disability compensation without the current dollar-for-dollar offset needs to be resolved as well as the need to improve Survivor's Benefits.

The American Legion will continue to argue that simple, equitable justice is one reason to authorize and fund concurrent receipt. Military retirees are the only Federal employees who must offset their retired pay with VA disability compensation. Also, proponents claim that the unique nature of military service, given their sacrifices and hardships, should merit these retirees receiving both military retired pay and VA disability compensation. For the past decade, many veterans' programs have been pared to the bone in the name of balancing the budget. Now, military retirees must pay premiums to TRICARE for full health care coverage for themselves and their immediate family members. Many veterans' advocates feel it is time that retirees receive compensation for these fiscal sacrifices.

Often, VA service-connected disability compensation is awarded for disabilities that cannot be equated with disabilities incurred in civilian life. Military service rendered in defense and on behalf of the Nation deserves special consideration when determining policy toward such matters as benefits offsets. The American Legion believes it is a moral and ethical responsibility to award disability compensation to the needs of disabled veterans, given the sacrifices and hardships they incurred during honorable military service to the Nation. We are also aware that many of the disabled retirees receive retirement pay that is beneath established poverty levels and by definition in Title 38 are "indigent" veterans.

Mr. Chairman, The American Legion and the armed forces owe you and this Subcommittee a debt of gratitude for your strong support of military quality of life issues. Nevertheless, your assistance is needed now more than ever. Positive congressional action is needed in this budget to overcome old and new threats to retaining the finest military in the world. Service members and their families continue to endure physical risks to their well being and livelihood, substandard living conditions, and forfeiture of personal freedoms that most Americans would find unacceptable. Worldwide deployments have increased significantly and the Nation is at war: a smaller armed forces has operated under a higher operational tempo with longer work hours, greater dangers, and increased family separations.

Throughout the drawdown years, military members have been called upon to set the example for the nation by accepting personal financial sacrifices. Their pay raises have been capped for years, and their health care system has been overhauled to cut costs, leaving military families with lessened access to proper health care. The American Legion congratulates the Congress for their quality-of-life enhancements. The system, however, is in dire need of continued improvement.

Now is the time to look to the force recruiting and retention needs. Positive congressional action is needed to overcome past years of negative career messages and to address the following quality of life features:

—*Closing the Military Pay Gap with the Private Sector.*—The previous Chairman of the Joint Chiefs of Staff stated that the area of greatest need for additional defense spending is "taking care of our most important resource, the uniformed members of the armed forces." To meet this need, he enjoined Members of Congress to "close the substantial gap between what we pay our men and women in uniform and what their civilian counterparts with similar skills, training and education are earning." But 11 pay caps in the past 15 years took its toll and military pay continues to lag behind the private sector at about 7.5 percent. With U.S. troops battling terrorism in the Persian Gulf, The American Legion supports the proposed 4.1 percent military pay raise, without a 2 percent reduction.

- Basic Allowance for Housing (BAH).*—For those who must live off base, the provision of the Basic Allowance for Housing (BAH) is intended to help with their out-of-pocket housing expenses. Secretary of Defense Rumsfeld set a goal of entirely eliminating average out-of-pocket housing expenses. This committee has taken strong steps in recent times to provide funding to move toward lowering such expenses. Please continue to work to close the gap between BAH and the members' average housing costs.
- Commissaries.*—Several years ago, DOD had considered closing some 37 commissary stores worldwide and reducing operating hours in order to resolve a \$48 million shortfall in the Defense Commissary Agency. Such an effort to reduce or dismantle the integrity of the military commissary system would be seen as a serious breach of faith with a benefit system that serves as a mainstay for the active and reserve components, military retirees, 100 percent service-connected disabled veterans, and others. The American Legion urges the Congress to preserve full federal subsidizing of the military commissary system and to retain this vital non-pay compensation benefit. Furthermore, The American Legion fully supports the full-time usage of commissary stores by members of the Reserve Components, that the system not be privatized, and that DECA manpower levels not be further reduced.

RESERVE COMPONENTS

The advent of smaller active duty forces reinforces the need to retain combat-ready National Guard and Reserve forces that are completely integrated into the Total Force. The readiness of National Guard and Reserve combat units to deploy in the War on Terrorism will also cost in terms of human lives unless Congress is completely willing to pay the price for their readiness. With only ten active Army divisions in its inventory, America needs to retain the eight National Guard divisions, in heightened readiness postures, as its life insurance policy.

Reliance on National Guard and Reserve forces has risen 13-fold over the pre-Gulf War era. This trend continues even though both reserve and active forces have been cut back 30 percent and about 25 percent, respectively, from their Cold War highs. Since the terrorist attacks on the American homeland on Sept. 11, more than 200,000 Guard and Reserve troops have been activated to support homeland defense and overseas operations in the War on Terror.

National Guard and Reserve service today involves a challenging balancing act between civilian employment, family responsibilities, and military service. Increasingly, National Guard and Reserve families encounter stressful situations involving healthcare, economic obligations, and employer uncertainty. Benefit issues of particular concern in this arena include:

- Review and upgrade the Reserve compensation and retirement system without creating disproportional incentives that could undermine active force retention;
- Restore the tax deductibility of non-reimbursable expenses directly related to Guard and Reserve training;
- Streamline the reserve duty status system without compromising the value of the compensation package;
- Improve Reserve Montgomery GI Bill (MGIB) benefits proportional to the active duty program;
- Allow reservists activated for 12 months or longer to enroll in the active duty MGIB;
- Allow them to accrue for retirement purposes all points earned annually; and
- Permit Guardsmen unlimited access to military commissaries.

Growing concerns are that the Reserve Components, especially the National Guard, should not be overused in contingency or peacekeeping operations, as these servicemembers have regular civilian jobs and families as well. The National Guard also has state missions in their home states. The American Legion understands that retention rates and, therefore, strength levels are falling in those states which have deployed or scheduled to deploy Guardsmen overseas. Governors of these states continue to express concern that state missions will not be accomplished. The National Guard from 44 states have had a presence in 35 foreign countries.

The American Legion is also supportive of all proposed quality-of-life initiatives that serve to improve living and working conditions of members of the Reserve components and their families.

HEALTH CARE FOR MILITARY BENEFICIARIES

Today, there are approximately 8.2 million beneficiaries in the military health care program. Military retirees and their dependents make up nearly one half of that number, and over 500,000 retirees have lost or will lose their access to military

health care as a result of the closure of approximately 40 percent of military treatment facilities. Access to affordable health care, regardless of age, status or location, has represented a major concern among military retirees.

The creation of TRICARE for Life and a TRICARE Senior Pharmacy benefit in Public Law 106-398 was an historic triumph for Congress and those 1.3 million Medicare-eligible military retirees and dependents. While TRICARE for Life came with its own funding stream in fiscal year 2002, authorization must be budgeted to provide for the program for fiscal year 2004. The American Legion recommends that you continue to improve this important program by providing the necessary funding. The American Legion also applauds your work last year in eliminating TRICARE co-payments for active duty family members. We also salute the Department of Defense for reducing active duty time for Reservists to 30 days for their families to be eligible for TRICARE.

Although Congress enacted legislation to restore TRICARE to Medicare-eligible beneficiaries as a wraparound to Medicare (TRICARE for Life) and to improve TRICARE for active duty families, further improvements are still needed, especially for retired beneficiaries under age 65. TRICARE must be a consistent, reliable and equitable health care benefit for all uniformed services beneficiaries, regardless of age or geography.

The fiscal year 2001 NDAA eliminated copays for active duty family members enrolled in Prime, and enacted TRICARE For Life (TFL) and TRICARE Senior Pharmacy (TSRx) for Medicare-eligibles. With TFL implementation complete Congress and DOD must turn their attention to improving serious shortcomings in healthcare benefits for TRICARE beneficiaries under the age of 65.

- Low reimbursement rates are causing providers to refuse any TRICARE patients or reduce the number of TRICARE patients they will treat, limiting beneficiary access and choice. Solution: Increase statutory (Medicare) payment rates; require use of existing authority to raise TRICARE rates where necessary to ensure sufficient numbers of participating providers.
- TRICARE is cumbersome to use and causes administrative hassles for providers and beneficiaries attempting to obtain authorization, expedite claim repayment, or move between regions. Solution: Improve TRICARE Prime enrollment procedures, portability, and beneficiary education. Decrease administrative burdens, eliminate non-availability statement requirements, streamline claims processing requirements with greater reliance on electronic claims technology, and eliminate unnecessary reporting requirements. Require TRICARE contractors to assist beneficiaries in finding TRICARE Standard providers.
- Institute “benefits plus benefits” reimbursement methodology. TFL pays beneficiary expenses not covered by Medicare (“benefits plus benefits”). For TRICARE Standard beneficiaries with other health insurance (OHI), TRICARE seldom pays expenses not covered by other insurance (“benefits less benefits”). Solution: Restore TRICARE reimbursement policy to pay up to what TRICARE would have paid had there been no OHI coverage (as was the policy before 1993).

Since the commencement of the first class of graduates of the Uniformed Services University of Health Sciences (USUHS) in 1980, over 3,200 physicians continue to pursue careers as physicians in the Army, Navy, Air Force and the U.S. Public Health Service each year. The USUHS education process emphasizes primary care medicine and also provides special training in military medicine and combat stress courses not found in civilian medical school curricula. USUHS graduates have also proven themselves willing to accept operational overseas assignments often viewed as less than desirable by civilian medical school graduates.

Both the fiscal year 1996 National Defense Appropriations Act and the National Defense Authorization Act prohibit the closure of USUHS. The Defense Authorization Act also provided a five year prohibition on reducing the staffing levels of USUHS below the levels established as of October 1, 1993. The American Legion urges the Congress to resist any efforts to circumvent the law to downscale or close the USUHS. The American Legion is convinced that the USUHS is an economical source of career medical leaders who serve this nation during peace and war and provide military health care consistency and stability. The American Legion urges the Congress to retain and fully fund USUHS as a continued source of career military physicians for the Army, Navy, Air Force and U.S. Public Health Service. The American Legion also supports the construction of an Academic Center to accommodate the USUHS Graduate School of Nursing.

OTHER MILITARY RETIREE ISSUES

The American Legion believes strongly that quality-of-life issues for retired military members and families also are important to sustaining military readiness over the long term. If the Government allows retired members' quality-of-life to erode over time, or if the retirement promises that convinced them to serve are not kept, the retention rate in the current active-duty force will undoubtedly be affected. The old adage that you enlist a recruit, but you reenlist a family is truer today than ever as more career-oriented servicemembers are married or have dependents.

Accordingly, The American Legion believes Congress and the Administration must place high priority on ensuring that these long-standing commitments are honored:

—*VA Compensation Offset to Military Retired Pay (Retired Pay Restoration).*—

Under current law, a military retiree with compensable VA disabilities cannot receive full military retirement pay and VA disability compensation. The military retiree's retirement pay is offset (dollar-for-dollar) by the amount of VA disability compensation awarded. We would like to thank the committee for providing funding for the authorized special compensation programs; however, The American Legion supports restoration of retired pay (concurrent receipt) for all disabled military retirees. The purposes of these two compensation systems are fundamentally different. Longevity retirement pay is designed primarily as a force management tool to attract large numbers of high quality members to serve for at least 20 years. A veteran's disability compensation is paid for an injury or disease incurred or aggravated during military service. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequently reduced employment and earnings potential. The American Legion also urges that disabled retired Reservists' and those retired under the early retirement authority be eligible for the authorized Special Compensation programs. What better time to authorize and fund concurrent receipt than during this period of War?

—*Social Security Offsets to the Survivors' Benefits Plan (SBP).*—The American Legion supports amending Public Law 99-145 to eliminate the provision that calls for the automatic offset at age 62 of the military SBP with Social Security benefits for military survivors. Military retirees pay into both SBP and Social Security, and their survivors pay income taxes on both. The American Legion believes that military survivors should be entitled to receipt of full Social Security benefits which they have earned in their own right. It is also strongly recommended that any SBP premium increases be assessed on the effective date, or subsequent to, increases in cost of living adjustments and certainly not before the increase in SBP as has been done previously. In order to see some increases in SBP benefits, The American Legion would support a gradual improvement of survivor benefits from 35 percent to 55 percent over the next five-year period. The American Legion also supports initiatives to make the military survivors' benefits plan more attractive. Currently, about 75 percent of officers and 55 percent of enlisted personnel are enrolled in the Plan.

—*Reducing the Retired Reservist age from 60 to 55.*—The American Legion believes that retirement pay should be paid sooner as many of these retirees will not live to their 60th birthday. Similarly, these retirees and their dependents should be eligible for TRICARE health care and other military privileges when they turn 55.

—*Military Retired Pay COLAs.*—Servicemembers, current and future, need the leadership of this Subcommittee to ensure Congress remains sensitive to long-standing contracts made with generations of career military personnel. A major difficulty is the tendency of some to portray all so-called "entitlement" programs, including military retirement, as a gratuitous gift from the taxpayer. In truth, military retired pay is earned deferred compensation for accepting the unique demands and sacrifices of decades of military service. The military retirement system is among the most important military career incentives. The American Legion urgently recommends that the Subcommittee oppose any changes to the military retirement system, whether prospective or retroactive, that would undermine readiness or violate contracts made with military retirees.

—*The SBP Veterans Dependency and Indemnity Compensation (DIC) Offset for Survivors.*—Under current law, the surviving spouse of a retired military member who dies from a service connected disability and was also enrolled in SBP, the surviving spouse's SBP benefits are offset by the amount of DIC (currently \$948 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. The American Legion believes that SBP and DIC payments, like military retirement pay and

disability compensation, are paid for different reasons. SBP is elected and purchased by the retiree based on his/her military career and is intended to provide a portion of retired pay to the survivor. DIC payments represent special compensation to a survivor whose sponsor's death was caused directly by his or her uniformed service. In principle, this is a government payment for indemnity or damages for causing the premature loss of life of the member, to the extent a price can be set on human life. These payments should be additive to any military or federal civilian SBP annuity purchased by the retiree. There are approximately 31,000 military widows/widowers affected by the offset under current law. Congress should repeal this unfair law that penalizes these military survivors.

—*Uniformed Services Former Spouses Protection Act (USFSPA)*.—The American Legion urges Congressional support for amending language to Public Law 97–252, the Uniformed Services Former Spouses Protection Act. This law continues to unfairly penalize active-duty armed forces members and military retirees. USFSPA has created an even larger class of victims than the former spouses it was designed to assist, namely remarried active-duty service members or military retirees and their new family. The American Legion believes this law should be rescinded in its entirety, but as an absolute minimum, the provision for a lifetime annuity to former spouses should be terminated upon their remarriage. This is consistent with most divorce decrees. Based on this current provision, monthly provisions for life are being granted to former spouses regardless of marital status, need, or child custodial arrangements. The time has come to cease lifetime annuities to former military spouses, should they remarry. Judicial determinations of appropriate support should be determined on a case-by-case basis and not be viewed as an “entitlement” by former spouses as exists under current law. The American Legion urges hearings on the USFSPA.

CONCLUSION

Thirty years ago, America opted for an all-volunteer force to provide for the national security. Inherent in that commitment was a willingness to invest the needed resources to bring into existence a competent, professional, and well-equipped military. The fiscal year 2004 defense budget, while recognizing the War on Terrorism and Homeland Security, represents another good step in the right direction.

What more needs to be done? The American Legion recommends, as a minimum, that the following steps be implemented:

- Continued improvements in military pay, equitable increases in Basic Allowances for Housing and Subsistence, military health care, improved educational benefits under the Montgomery G.I. Bill, improved access to quality child care, impact aid and other quality-of-life issues. The concurrent receipt of military retirement pay and VA disability compensation needs to be authorized and funded. The Survivors' Benefit Plan needs to be increased from 35 to 55 percent for Social Security-eligible military survivors.
- Defense spending, as a percentage of Gross Domestic Product, needs to be maintained at a minimum of 3.5 percent annually, which this budget still does not achieve.
- The end strengths of the active armed forces need to be increased to at least 1.6 million for the Services.
- The Quadrennial Defense Review strategy needs to call for enhanced military capabilities to include force structures, increased endstrengths and improved readiness which are more adequately resourced.
- Force modernization needs to be realistically funded and not further delayed or America is likely to unnecessarily risk many lives in the years ahead.
- The National Guard and Reserves must be realistically manned, structured, equipped and trained; fully deployable; and maintained at high readiness levels in order to accomplish their indispensable roles and missions. Their compensation, benefits and employment rights need to be continually improved.

Although we realize that many of these recommendations must be authorized by the Armed Services Committee, The American Legion urges each member of this subcommittee to work with their colleagues on the Armed Services Committee and secure passage of these much needed improvements to quality of life for all components of our military, included those who have already served.

Mr. Chairman, this concludes The American Legion's statement.

Senator INOUE. Thank you very much, Mr. Duggan. I can assure you that Senator Stevens and I are equally concerned about the problems that families of reservists and guardsmen have expe-

rienced during the recent war, and we have begun discussions also on separation pay and on health programs. We are fully cognizant that the men and women who serve us in uniform and stand in harm's way are volunteers. And if we want them to continue signing up and staying in, we better make certain that life can be made comparably comfortable to those who are not in uniform. We will do our best, sir.

Mr. DUGGAN. Yes, sir. Thank you, sir.

Senator INOUE. Thank you very much.

Our next witness is Dr. Wayne S. Sellman of the American Psychological Association. Dr. Sellman, welcome, sir.

STATEMENT OF WAYNE S. SELLMAN, Ph.D., VICE PRESIDENT AND DIRECTOR FOR PUBLIC POLICY ISSUES, THE HUMAN RESOURCES RESEARCH ORGANIZATION; ON BEHALF OF THE AMERICAN PSYCHOLOGICAL ASSOCIATION

Dr. SELLMAN. Good morning, Mr. Chairman. I am Steve Sellman. I am the Vice President and Director of Public Policy Issues for the Human Resources Research Organization, and I am former Director for Accession Policy in the Office of the Secretary of Defense. For the past 40 years I have been involved in military personnel management, policymaking, and research.

You have been a great friend to the military and military psychology and it is a particular pleasure for me to be here before you today. I have prepared testimony on behalf of the American Psychological Association, which is a scientific and professional organization of more than 150,000 psychologists and affiliates.

Although I am sure that you are aware of the large numbers of psychologists providing mental health services to military members and their families, you may be less familiar with the broad range of behavioral research conducted by the psychological scientists within the Department of Defense. Military behavioral scientists work on issues critical to national defense, particularly with support from the Army Research Institute, the Army Research Laboratory, the Office of Naval Research, and the Air Force Personnel Research Laboratory.

I would like to address the proposed cuts in the President's fiscal year 2004 human-centered research budget for these laboratories within the context of the larger DOD science and technology, or S&T, program. The American Psychological Association joins the Coalition for National Security Research in urging the subcommittee to provide \$11.4 billion for basic and applied defense research across DOD in fiscal year 2004. This figure for the S&T account also is in line with the recommendations of the Defense Science Board and the Quadrennial Defense Review.

In terms of human-centered research, all of the military services conduct or sponsor science in the broad categories of personnel, training, and leader development, warfighter protection, sustainment and physical performance, and system interfaces and cognitive processing. There also are additional smaller human systems research programs funded through the Office of the Secretary of Defense, the Defense Advanced Research Projects Agency, the Marine Corps, and the Special Operations Command.

Despite substantial appreciation for the critical role played by behavioral science in national security, total spending on this re-

search is cut from \$405 million appropriated in fiscal year 2003 to \$377 million in the President's fiscal year 2004 budget. An August 2000 DOD report requested by your subcommittee in the face of continuing erosion of behavioral science funding found that this area of military research has historically been extremely productive, with particularly high return on investment and high operational impact.

The American Psychological Association strongly encourages the subcommittee to restore planned fiscal year 2004 cuts to military behavioral science programs. There is more detail on the specific S&T accounts in my written statement, but the Army, Navy, and Air Force are facing cuts in their applied human-centered research programs. Psychological scientists address many critical and important issues and problems vital to our national defense with expertise in understanding and optimizing cognitive functioning, perceptual awareness, complex decisionmaking, and human-systems interfaces. In these dangerous times, such issues have unfortunately become even more mission-critical, and we urge you to support the men and women in uniform by reversing another round of psychological research cuts.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF WAYNE S. SELLMAN

Conflict is, and will remain, essentially a human activity in which man's virtues of judgment, discipline and courage—the moral component of fighting power—will endure—It is difficult to imagine military operations that will not ultimately be determined through physical control of people, resources and terrain—by people . . . Implicit, is the enduring need for well-trained, well-equipped and adequately rewarded soldiers. New technologies will, however, pose significant challenges to the art of soldiering: they will increase the soldier's influence in the battlespace over far greater ranges, and herald radical changes in the conduct, structures, capability and ways of command. Information and communication technologies will increase his tempo and velocity of operation by enhancing support to his decision-making cycle. Systems should be designed to enable the soldier to cope with the considerable stress of continuous, 24-hour, high-tempo operations, facilitated by multi-spectral, all-weather sensors. However, technology will not substitute human intent or the decision of the commander. There will be a need to harness information-age technologies, such that data does not overcome wisdom in the battlespace, and that real leadership—that which makes men fight—will be amplified by new technology. Essential will be the need to adapt the selection, development and training of leaders and soldiers to ensure that they possess new skills and aptitudes to face these challenges.—NATO RTO-TR-8, Land Operations in the Year 2020

Mr. Chairman and Members of the Subcommittee, I'm Dr. Steve Sellman, Vice President and Director for Public Policy Issues at the Human Resources Research Organization, and former Director for Accession Policy in the Office of the Secretary of Defense. I am submitting testimony on behalf of the American Psychological Association (APA), a scientific and professional organization of more than 150,000 psychologists and affiliates. Although I am sure you are aware of the large number of psychologists providing clinical services to our military members here and abroad, you may be less familiar with the extraordinary range of research conducted by psychological scientists within the Department of Defense. Our behavioral researchers work on issues critical to national defense, particularly with support from the Army Research Institute (ARI) and Army Research Laboratory (ARL); the Office of Naval Research (ONR); and the Air Force Research Laboratory (AFRL). I would like to address the proposed cuts to fiscal year 2004 human-centered research budgets for these military laboratories within the context of the larger Department of Defense Science and Technology budget.

DEPARTMENT OF DEFENSE (DOD) SCIENCE AND TECHNOLOGY BUDGET

APA joins the Coalition for National Security Research (CNSR), a group of over 40 scientific associations and universities, in urging the Subcommittee to provide DOD with \$11.4 billion for 6.1, 6.2 and 6.3 level research in fiscal year 2004. This figure also is in line with recommendations of the independent Defense Science Board and the Quadrennial Defense Review, the latter calling for “a significant increase in funding for S&T programs to a level of three percent of DOD spending per year.”

As our nation rises to meet the challenges of a new century, including current engagements in Afghanistan and Iraq as well as other asymmetric threats and increased demand for homeland defense and infrastructure protection, enhanced battlespace awareness and warfighter protection are absolutely critical. Our ability to both foresee and immediately adapt to changing security environments will only become more vital over the next several decades. Accordingly, DOD must support basic Science and Technology (S&T) research on both the near-term readiness and modernization needs of the department and on the long-term future needs of the warfighter.

Despite substantial appreciation for the importance of DOD S&T programs on Capitol Hill, and within independent defense science organizations such as the Defense Science Board (DSB), total research within DOD has remained essentially flat in constant dollars over the last few decades. This poses a very real threat to America’s ability to maintain its competitive edge at a time when we can least afford it. APA, CNSR and our colleagues within the science and defense communities recommend funding the DOD Science and Technology Program at a level of at least \$11.4 billion in fiscal year 2004 in order to maintain global superiority in an ever-changing national security environment.

BEHAVIORAL RESEARCH WITHIN THE MILITARY SERVICE LABS

In August, 2000 the Department of Defense met a congressional mandate to develop a Report to the Senate Appropriations Committee on Behavioral, Cognitive and Social Science Research in the Military. The Senate requested this evaluation due to concern over the continuing erosion of DOD’s support for research on individual and group performance, leadership, communication, human-machine interfaces, and decision-making. In responding to the Committee’s request, the Department found that “the requirements for maintaining strong DOD support for behavioral, cognitive and social science research capability are compelling” and that “this area of military research has historically been extremely productive” with “particularly high” return on investment and “high operational impact.” Given such strong DOD support, APA strongly encourages the Committee to restore planned fiscal year 2004 cuts to military behavioral science programs and provide funding at fiscal year 2003 appropriated levels:

- Increase the Army’s overall 6.2 budget from \$66.034 million to \$69.099 million; and the Army’s overall 6.3 budget from \$63.508 million to \$74.634 million in fiscal year 2004.
- Increase the Navy’s overall 6.2 budget from \$19.982 million to \$24.554 million; and the Navy’s overall 6.3 budget from \$28.746 million to \$36.027 million in fiscal year 2004.
- Increase the Air Force’s overall 6.2 budget from \$51.764 million to \$55.249 million; and the Air Force’s overall 6.3 budget from \$31.641 million to \$35.743 million in fiscal year 2004.

Within DOD, the majority of behavioral, cognitive and social science is funded through the Army Research Institute (ARI) and Army Research Laboratory (ARL); the Office of Naval Research (ONR); and the Air Force Research Laboratory (AFRL). These military service laboratories provide a stable, mission-oriented focus for science, conducting and sponsoring basic (6.1), applied/exploratory development (6.2) and advanced development (6.3) research. These three levels of research are roughly parallel to the military’s need to win a current war (through products in advanced development) while concurrently preparing for the next war (with technology “in the works”) and the war after next (by taking advantage of ideas emerging from basic research).

All of the services fund human-related research in the broad categories of personnel, training and leader development; warfighter protection, sustainment and physical performance; and system interfaces and cognitive processing. In addition, there are additional, smaller human systems research programs funded through the Office of the Secretary of Defense, the Defense Advanced Research Projects Agency (DARPA), the Marine Corps, and the Special Operations Command.

Despite substantial appreciation for the critical role played by behavioral, cognitive and social science in national security, however, total spending on this research is cut from \$404.984 million appropriated in fiscal year 2003 to \$376.753 million in the Administration's fiscal year 2004 budget. Whereas basic research (6.1) increases by six percent, due to a substantial increase in the Navy's budget (Air Force 6.1 decreases slightly and Army 6.1 increases slightly), all three services propose cuts in their 6.2 and 6.3 funding. Navy 6.2 human-related research decreases by over 18 percent, and 6.3 research declines by over 20 percent. Only small 6.2 and 6.3 investments in behavioral research by OSD, DARPA, Special Operations Command, and the Marine Corps increase over fiscal year 2003 levels in the President's fiscal year 2004 budget.

Behavioral and cognitive research programs eliminated from the mission labs as cost-cutting measures are extremely unlikely to be picked up by industry, which focuses on short-term, profit-driven product development. Once the expertise is gone, there is absolutely no way to "catch up" when defense mission needs for critical human-oriented research develop. As DOD noted in its own Report to the Senate Appropriations Committee:

"Military knowledge needs are not sufficiently like the needs of the private sector that retooling behavioral, cognitive and social science research carried out for other purposes can be expected to substitute for service-supported research, development, testing, and evaluation . . . our choice, therefore, is between paying for it ourselves and not having it."

The following are brief descriptions of critical behavioral research funded by the military research laboratories.

ARMY RESEARCH INSTITUTE FOR THE BEHAVIORAL AND SOCIAL SCIENCES (ARI) AND ARMY RESEARCH LABORATORY (ARL)

ARI works to build the ultimate smart weapon: the American soldier. ARI was established to conduct personnel and behavioral research on such topics as minority and general recruitment; personnel testing and evaluation; training and retraining; and attrition. ARI is the focal point and principal source of expertise for all the military services in leadership research, an area especially critical to the success of the military as future war-fighting and peace-keeping missions demand more rapid adaptation to changing conditions, more skill diversity in units, increased information-processing from multiple sources, and increased interaction with semi-autonomous systems. Behavioral scientists within ARI are working to help the armed forces better identify, nurture and train leaders. One effort underway is designed to help the Army identify those soldiers who will be most successful meeting 21st century non-commissioned officer job demands, thus strengthening the backbone of the service—the NCO corps.

Another line of research at ARI focuses on optimizing cognitive readiness under combat conditions, by developing methods to predict and mitigate the effects of stressors (such as information load and uncertainty, workload, social isolation, fatigue, and danger) on performance. As the Army moves towards its goal of becoming the Objective Force (or the Army of the future: lighter, faster and more mobile), psychological researchers will play a vital role in helping maximize soldier performance through an understanding of cognitive, perceptual and social factors.

ARL's Human Research & Engineering Directorate sponsors basic and applied research in the area of human factors, with the goal of optimizing soldiers' interactions with Army systems. Specific behavioral research projects focus on the development of intelligent decision aids, control/display/workstation design, simulation and human modeling, and human control of automated systems.

OFFICE OF NAVAL RESEARCH (ONR)

The Cognitive and Neural Sciences Division (CNS) of ONR supports research to increase the understanding of complex cognitive skills in humans; aid in the development and improvement of machine vision; improve human factors engineering in new technologies; and advance the design of robotics systems. An example of CNS-supported research is the division's long-term investment in artificial intelligence research. This research has led to many useful products, including software that enables the use of "embedded training." Many of the Navy's operational tasks, such as recognizing and responding to threats, require complex interactions with sophisticated, computer-based systems. Embedded training allows shipboard personnel to develop and refine critical skills by practicing simulated exercises on their own workstations. Once developed, embedded training software can be loaded onto specified computer systems and delivered wherever and however it is needed.

AIR FORCE RESEARCH LABORATORY (AFRL)

Within AFRL, Air Force Office of Scientific Research (AFOSR) behavioral scientists are responsible for basic research on manpower, personnel, training and crew technology. The AFRL Human Effectiveness Directorate is responsible for more applied research relevant to an enormous number of acknowledged Air Force mission needs ranging from weapons design, to improvements in simulator technology, to improving crew survivability in combat, to faster, more powerful and less expensive training regimens.

As a result of previous cuts to the Air Force behavioral research budget, the world's premier organization devoted to personnel selection and classification (formerly housed at Brooks Air Force Base) no longer exists. This has a direct, negative impact on the Air Force's and other services' ability to efficiently identify and assign personnel (especially pilots). Similarly, reductions in support for applied research in human factors have resulted in an inability to fully enhance human factors modeling capabilities, which are essential for determining human-system requirements early in system concept development, when the most impact can be made in terms of manpower and cost savings. For example, although engineers know how to build cockpit display systems and night goggles so that they are structurally sound, psychologists know how to design them so that people can use them safely and effectively.

SUMMARY

On behalf of APA, I would like to express my appreciation for this opportunity to present testimony before the Subcommittee. Clearly, psychological scientists address a broad range of important issues and problems vital to our national security, with expertise in understanding and optimizing cognitive functioning, perceptual awareness, complex decision-making, stress resilience, and human-systems interactions. We urge you to support the men and women on the front lines by reversing another round of cuts to the human-oriented research within the military laboratories.

Below is suggested appropriations report language which would encourage the Department of Defense to fully fund its behavioral research programs within the military laboratories:

DEPARTMENT OF DEFENSE

Behavioral Research in the Military Service Laboratories.—The Committee recognizes that psychological scientists address a broad range of important issues and problems vital to our national security through the military research laboratories: the Air Force Office of Scientific Research, the Army Research Institute and Army Research Laboratory, and the Office of Naval Research. Given the increasingly complex demands on our military personnel, psychological research on leadership, decision-making under stress, cognitive readiness, training, and human-technology interactions have become even more mission-critical, and the Committee strongly encourages the service laboratories to reverse cuts made to their behavioral research programs. A continued decline in support for human-centered research is not acceptable at a time when there will be more, rather than fewer, demands on military personnel, including more rapid adaptation to changing conditions, more skill diversity in units, increased information-processing from multiple sources, and increased interaction with semi-autonomous systems.

Senator INOUE. Doctor, as you well know, I have an in-house adviser on my staff and he keeps me apprised of all the issues involved in your association. I can assure you of our support.

Dr. SELLMAN. Thank you, sir.

Senator INOUE. Thank you.

Our next witness is Rear Admiral Retired Richard D. West, President of the Consortium for Oceanographic Research and Education. Admiral West.

STATEMENT OF REAR ADMIRAL RICHARD D. WEST, U.S. NAVY (RETIRED), PRESIDENT, CONSORTIUM FOR OCEANOGRAPHIC RESEARCH AND EDUCATION

Admiral WEST. Thank you, Senator Inouye. Good morning, sir.

Senator INOUE. Good morning.

Admiral WEST. Thank you for the opportunity to appear before you and your committee this morning. I would like to talk about basic research within the United States Navy. As you know, I am Rear Admiral Dick West, President of the Consortium for Oceanographic Research and Education, commonly referred to as CORE. I appear on behalf of 71 member institutions, including Penn State, Texas A&M, Scripps Institution of Oceanography, Woods Hole Oceanographic Institute, the Universities of Alaska, Hawaii, Southern Mississippi, New Hampshire, Texas, South Carolina, and California. These institutions and other members represent the nucleus of American academic oceanographic research.

I joined CORE in August of 2002 after retiring from the United States (U.S.) Navy as oceanographer and navigator in the Navy. Prior to this position, I was deputy director for the Ballistic Missile Defense Organization. As an oceanographer, I was a primary customer for the products from our Nation's oceanographic institutions.

I come before you this morning to express concern about a specific direction within the Office of Naval Research (ONR). Since its founding in 1946, ONR has been one of the Nation's leading supporters of high-risk, cutting-edge basic research. The Office has supported the research of 50 Nobel laureates. It has participated in breakthrough discoveries in areas such as lasers, precision timekeeping, and molecular biology. It has served the Navy and all of DOD well.

When we look at the last 50 years, we see a history of courageous investment and bold discoveries that have helped end the Cold War. However, when we look to the coming decades the future of naval research does not appear so bright. Most of the science that underlies today's Navy was high risk and cutting edge when conducted decades ago. None of the researchers then could have imagined how their research would have created the impressive technological edge we just had in Operation Iraqi Freedom.

Today we are concerned that the ONR may be veering off course from its traditional support for high-risk, long-term basic research. We are concerned that the 6.1 account that is supposed to be for discovery-oriented basic research is being migrated to short-term, product-driven applied research. We firmly believe that applied research and advanced technology development are crucial parts of Research, Development, Test and Evaluation (RDT&E), but it is imperative there be basic research if we expect to have the scientific underpinnings for pioneering innovations in the 6.23 and more applied programs.

It is because of the importance of basic science in the capabilities of the Navy After Next that we are concerned by ONR's statements that the Navy's basic research program will be "integrated with more applied S&T to promote transitions of discoveries." This translates to a "show me what you can do for me now" and we fear that this message is going to the program managers and scientists.

A focus on integrating discovery-oriented basic research with more application-driven research will have a negative influence by creating a risk-adverse atmosphere in both the universities and with the program management. Researchers are being discouraged from pursuing bold and innovative ideas, ideas that could take

years to complete but provide those technical breakthroughs in the future, that one technology, that one technology answer, what we will need in the future.

Instead, they are focusing on research that will result in products now. While the results will surely be high quality, they are unlikely to be the type of research that will result in breakthroughs in understanding and technology.

We believe that a message needs to be sent to address research creep in the 6.1 account. While we believe greater investment in Navy S&T accounts is absolutely necessary, all the funding in the world may not lead to new discoveries if the 6.1 account does not address basic research.

Adding congressional attention to the discussion of Navy basic research should serve as a reinforcement to ONR to renew its commitment to the regime of research that has served this country so well. Working together, Congress and the research community must communicate to the Secretary, the Chief of Naval Operations (CNO), and the Commandant that basic research is essential to the fleet and is a congressional priority.

If ONR is not given the ability and direction to pursue an aggressive regime of high-risk, cutting-edge basic research now, we could be shortchanging our fighting forces in the future.

Thank you for this opportunity to bring this to your attention, sir.

[The statement follows:]

PREPARED STATEMENT OF RICHARD WEST

Chairman Stevens, Ranking Member Inouye, and Members of the Defense Subcommittee of the Senate Appropriations Committee, I want to thank you for the opportunity to appear before you this morning and for the strong support you and your committee have shown for basic research within the United States Navy.

I am Rear Admiral Dick West, President of the Consortium for Oceanographic Research and Education, commonly referred to as CORE. I appear on behalf of our 71 member institutions, including Penn State, Texas A&M, Scripps Institution of Oceanography and the Universities of Alaska, Hawaii, Southern Mississippi, New Hampshire, Texas, South Carolina, and California at San Diego. These institutions and our other members represent the nucleus of American academic oceanographic research.

I joined CORE in August 2002 after retiring from the U.S. Navy as Oceanographer and Navigator of the Navy. As you know, the Oceanographer provides oceanographic, meteorological, geospatial information and navigation support to the fleet. Prior to serving as Oceanographer, I was the Deputy Director for the Ballistic Missile Defense Organization. Other shore assignments included Director, Surface Combat Systems Division on the CNO's Staff, Deputy Chief of Staff for Operations CINCSOUTH, and Commander, Operational Test and Evaluation Force. From 1992–1993, as Commanding Officer of the Surface Warfare Officers School, I directed a large, advanced studies academic institution, providing a continuum of professional education and training to prepare naval officers to serve at sea. I served in Vietnam with the riverine forces and commanded ships during hostilities in the Arabian Gulf. As Oceanographer, I was the primary customer for the products from our nation's oceanographic institutions.

Since its founding in 1946, the Office of Naval Research has been one of the nation's leading supporters of high-risk cutting edge basic research. The Office has supported the research of fifty Nobel laureates. It has participated in breakthrough discoveries in areas such as lasers, precision timekeeping, and molecular biology. Without question the past five decades have seen the ONR fulfill its mission, "To plan, foster and encourage scientific research in recognition of its paramount importance as related to the maintenance of future naval power, forced entry capability, and the preservation of national security."

America's oceanographers were and continue to be active partners with the Office of Naval Research in providing today's and tomorrow's sailors and marines with the

tools necessary to be the finest warfighters in the world. When we look back at the past fifty years, we see a history of courageous investment and bold discoveries that paved the path for the end of the Cold War. However, when we look to the coming decades, the picture does not seem so bright.

Bold, high-risk, cutting-edge basic research has been a crucial component of the Navy's battlespace superiority for decades. For example, basic research into packet switching laid the foundation for what we know today as the Internet and has been the fundamental science behind the technology underlying net-centric warfare, an increasingly important asset to the Navy and Marine Corps.

In the Iraqi theatre, ship-launched precision munitions played a crucial role in defeating Iraqi forces while limiting civilian casualties. Navy-supported basic research in precision timekeeping enabled the development of the highly accurate Global Positioning System (GPS). GPS is the backbone of the guidance system that allows commanders to launch and deliver fire-power to targets with previously unimaginable accuracy and lethality. Without the basic research decades ago into the fundamental physics necessary to develop the atomic clocks that are at the backbone of the GPS system, the Navy's ability to accurately strike targets would be severely compromised.

As you may know, basic research supported by the Navy led to the development of the laser. This discovery led directly to the advent of small, easily handled lasers that allow soldiers, sailors, airmen and marines to accurately locate targets and provide coordinates for sailors and airmen to deliver munitions to targets.

The research discussed above was high-risk and cutting edge when it was conducted decades ago. None of the researchers then could have imagined its application or importance in conflicts today. While such research was not focused on specific applications, without it and without the support that made it possible, our soldiers, sailors, airmen and marines would not have had the technological edge they enjoyed in Operation Iraqi Freedom.

Today, we are concerned that ONR may be veering off course in a direction that departs from its traditional aggressive support for high-risk basic research. This concern is not so much with the level of funding in the 6.1, 6.2 and 6.3 accounts. Rather, it reflects a growing tendency to commit funding in the 6.1 account that is supposed to be used for discovery-oriented basic research to short-term applied research that is product-driven. Let me be clear, we firmly believe that applied research and advanced technology development are crucial parts of RDT&E, but it is imperative that there be robust basic research, if we expect to have the scientific underpinnings for pioneering innovations in the 6.2 and more applied programs.

It is because of the importance of basic science in the capabilities of the Navy After Next, that we are concerned by ONR statements that the Navy's basic research program will be "integrated with more applied S&T to promote transitions of discoveries." Unfortunately, this statement could be interpreted as code for "show me what you've done for me lately" and program managers and scientists seem to be getting the message loud and clear.

The focus on integration of discovery-oriented basic research with more application driven research could have a negative impact on naval basic research by creating a risk-averse atmosphere in both the universities and with program management and officers within the Navy. However, the greater risk is that researchers become discouraged from pursuing bold and innovative ideas and lines of research that could take years to complete and have practical application decades from now. Instead, researchers focus on pursuing research that they know will result in products. While the results will surely be high quality, they are unlikely to be the type of research that will result in breakthroughs in understanding.

High-risk research offers the promise of transformational discoveries but it is prone to failure before it yields pioneering discoveries. On the other hand, it is only by pushing the boundaries, constantly taking risks, and looking for bold hypothesis that scientists foster the discoveries that may lead to the next laser, tomorrow's global positioning system, or the net-centric warfare of 2030.

CORE was particularly pleased to note your inclusion of language in the fiscal year 2003 Defense Appropriations report expressing discouragement at the low levels of Navy S&T investment and encouraging the Navy to resume its previously robust support for S&T. We believe that a similar message needs to be sent to address "research-creep" in the 6.1 account.

We are encouraging you today to provide clear instruction to the leadership of the Office of Naval Research to reaffirm the Navy's commitment to high-risk, cutting-edge, basic research. The past successes of such basic research provide a clear justification for renewing this investment in the Navy's future.

We believe that this is a commitment that ONR can and should be willing to make. Often such issues as the character of research supported by ONR are eclipsed

by more direct concerns like funding availability. While we believe greater investment in the Navy S&T accounts is absolutely necessary, all the funding in the world may not lead to new discoveries if the research funding in the 6.1 account is spent on applied research. Adding Congressional attention to the discussion of naval basic research should serve as a “wake-up” call for ONR and return it to the regime of research that has served America’s sailors and marines well for decades.

We ask you to recognize and impress a message upon the Navy and Marine Corps leadership. While the basic research ONR supports today will not deliver today’s admirals and generals a product they can deploy, it may afford the lieutenants and captains under their command profoundly more robust weapons systems when they are combat commanders. It is because of an aggressive regime of basic research thirty years ago, when today’s military leaders were being commissioned, that an effective and diverse suite of combat systems is available to prosecute their mission now. Working together, Congress and the research community must communicate to the Secretary, the Chief of Naval Operations and the Commandant, that basic research is essential to the fleet and is a Congressional priority. If ONR is not given the ability and direction to pursue an aggressive regime of high-risk cutting edge basic research now, the nation could be shortchanging our sons and daughters, the sailors and marines of the Navy After Next.

Again, thank you for the opportunity to bring these important issues to your attention. I welcome the opportunity to answer any questions.

Senator INOUE. Admiral West, we concur with you sir, because we believe that the proper underpinnings for research is basic research. And we believe the recent operation in Iraq demonstrated that, and we hope to convince our colleagues across the river that we should continue that.

Thank you very much.

Admiral WEST. We appreciate your support, sir. We are here to help.

Senator INOUE. Our next witness is the chief executive officer of Sanaria, Incorporated, Dr. Stephen Hoffman, representing the American Society of Tropical Medicine and Hygiene. Dr. Hoffman.

STATEMENT OF STEPHEN HOFFMAN, M.D., CHIEF EXECUTIVE OFFICER, SANARIA, INC.; ON BEHALF OF THE AMERICAN SOCIETY FOR TROPICAL MEDICINE AND HYGIENE

Dr. HOFFMAN. Good morning, Mr. Ranking Member. I am Stephen Hoffman, Chief Executive Officer (CEO) of Sanaria, a company working to develop a malaria vaccine. I am a retired Captain in the U.S. Navy Medical Corps and past president of the American Society of Tropical Medicine and Hygiene. I am here this morning to present testimony on the Society’s behalf. The American Society of Tropical Medicine and Hygiene is a professional society of 3,500 researchers and practitioners—

Senator INOUE. Doctor, can you press that button?

Dr. HOFFMAN. The American Society of Tropical Medicine and Hygiene is a professional society of 3,500 researchers and practitioners, dedicated to the prevention and treatment of infectious and tropical diseases. The collective experience of our members is in the areas of tropical infectious diseases, basic science, medicine, insect vector control, epidemiology, vaccinology, public health, biodefense, and bioterrorism defense.

I am here today to encourage your support for infectious disease research at the Department of Defense. The Military Infectious Diseases Research Program has done an excellent job in its mission to develop new products to protect and maintain the health of our troops wherever they are deployed. Working with other U.S. public health agencies, DOD scientists at the U.S. Army Medical Research

Institute for Infectious Diseases (USAMRIID), the Walter Reed Army Institute of Research (WRAIR), and the Naval Medical Research Center, the latter two working in the Inouye Building at Forest Glen very effectively, and DOD medical laboratories abroad are helping us to better understand, diagnose, and treat infectious and tropical diseases. These include viral diseases such as West Nile Virus, bacterial diseases such as tuberculosis, and parasitic diseases such as malaria.

Infectious diseases are the second leading cause of death worldwide, accounting for over 13 million deaths. Twenty well-known diseases, including tuberculosis, malaria, cholera, and Rift Valley Fever, have reemerged or spread geographically since 1973, often in more virulent and drug-resistant forms. Over 30 previously unknown disease agents have been identified in this period for which therapy is not optimal or does not exist at all, including Human Immunodeficiency Virus (HIV), Ebola, Marburg, and the most recent threat, Severe Acute Respiratory Syndrome, or SARS.

These naturally occurring diseases can strike our troops at any time and they are potential threats for biological warfare or bioterror attack. Historically, tropical diseases such as these have impaired military operations. For example, malaria had a large impact on U.S. service personnel serving in Southeast Asia. In some regions up to 60 percent of troops were reported to be infected.

In the most recent conflict, suspicions of Iraqi supplies of anthrax, botulism, and plague led to fear of biological attacks. The successful administration of anthrax vaccine reduced the risk to American troops, but many suspected biological weapons have no proven treatments and further research is necessary to protect our military personnel.

Military scientists have made significant accomplishments in the fight against these deadly illnesses, which I describe in my written statement. Suffice it to say that the Defense Department's medical research programs are second to none and they play a critical role in our Nation's infectious disease, biodefense, and bioterrorism defense efforts.

The Society believes the military's overseas laboratories deserve special mention. The U.S. Army and Navy currently support medical research labs located in five developing countries—Thailand, Egypt, Indonesia, Kenya, and Peru—with substations in neighboring countries. These research laboratories serve as critical sentinel stations, alerting military and public health agencies to dangerous infectious disease outbreaks and increasing microbial resistance to drugs.

The research stations are an important national resource in the ongoing battle against emerging disease and should be strengthened with increased funding and increased opportunities for collaborations with civilian scientists. The laboratories provide field sites for important research that cannot feasibly be conducted in the United States, including basic research, testing of new drugs and vaccines, and increasing our understanding of disease and the spread of disease.

Therefore, Mr. Chairman, the American Society for Tropical Medicine and Hygiene urges you to support the military infectious disease research program and asks for \$70 million in fiscal year 2004.

The Society also recommends \$35 million for the military HIV research program, which has become a world leader in the study of HIV genetic variation and in the development and testing of new vaccines.

In conclusion, Mr. Chairman, our borders remain porous to infectious and tropical diseases, including the West Nile virus found here in Washington, D.C., and of course most recently Severe Acute Respiratory Syndrome (SARS). Other diseases still largely confined to the troops, like malaria, pose a major threat to our military and to American travelers. In all military operations in the last century where malaria was transmitted, including the Pacific theater in World War II, Vietnam, and Operation Restore Hope in Somalia, more casualties were caused by malaria than by combat injuries. Further research into infectious diseases can reduce the threat to American lives.

Thank you, Mr. Chairman, for the opportunity to present the views of the American Society of Tropical Medicine and Hygiene.

Senator STEVENS [presiding]. Thank you, Doctor. This committee started the research on HIV at the Department of Defense and will continue to support it. I appreciate your courtesy. Thank you.

Dr. HOFFMAN. Thank you.

[The statement follows:]

PREPARED STATEMENT OF DR. STEPHEN L. HOFFMAN

The American Society for Tropical Medicine and Hygiene (ASTMH) thanks the Subcommittee for the opportunity to present this testimony.

The ASTMH is a professional society of 3,500 researchers and practitioners dedicated to the prevention and treatment of infectious and tropical diseases. The collective experience of our members is in the areas of tropical infectious diseases, basic science, medicine, insect vector control, epidemiology, vaccinology, public health, bio-defense and bioterrorism defense.

My name is Stephen L. Hoffman, I am a past president of ASTMH, a retired CAPT in the U.S. Navy Medical Corps, and currently the CEO of Sanaria, a company working to develop a malaria vaccine. I am here today to encourage your support for infectious disease research at the Department of Defense.

IMPACT OF INFECTIOUS DISEASES ON THE MILITARY

Historically, tropical diseases have impaired military operations. For example, malaria had a large impact on U.S. service personnel serving in southeast Asia; in some regions up to 60 percent of troops were reported to be infected. During Desert Storm, potential exposure to the parasitic disease leishmaniasis led to banning American military personnel who had served in the Persian Gulf from donating blood to prevent infecting the U.S. blood supply.

In the most recent conflict, suspicions of Iraqi supplies of anthrax, botulism, and plague led to fear of biological attacks. The successful research into anthrax vaccine reduced the risk to American troops. But, many suspected biological weapons have no proven treatments, and further research is necessary to protect our military personnel.

THE MILITARY INFECTIOUS DISEASE RESEARCH PROGRAM

A Presidential Executive Order issued September 30, 1999, entitled "Improving Health Protection of Military Personnel Participating in Particular Military Operations," mandates that "It is the Policy of the United States Government to provide our military personnel with safe and effective vaccines, antidotes, and treatments that will negate or minimize the effects of these health threats."

Many diseases are endemic to areas of military operations. Accordingly, the primary mission of the DOD's Military Infectious Diseases Research Program is to develop new products with which to protect and maintain the health of our troops in the theater. With worldwide deployment of our military personnel, it is imperative to protect them against infectious diseases that occur around the globe. Often our

troops are exposed to new strains of infections that do not exist within our own borders.

The Department of Defense (DOD) medical research programs are vitally important to maintain the health of our troops wherever they are deployed. Furthermore, the programs play a critical role in our nation's infectious disease, biodefense, and bioterrorism defense efforts. Working with other U.S. public health agencies, DOD scientists at the U.S. Army Medical Research Institute for Infectious Diseases (USAMRIID), the Walter Reed Army Institute of Research (WRAIR), the U.S. Naval Medical Research Center (NMRC), and DOD medical laboratories in Asia, Africa, and South America are helping us to better understand, diagnose, and treat infectious diseases, especially tropical infectious diseases.

The Society believes the military's overseas laboratories deserve special mention. The U.S. Army and the Navy currently support medical research laboratories located in five developing countries, including Thailand, Egypt, Indonesia, Kenya, and Peru. These research laboratories serve as critical sentinel stations alerting military and public health agencies to dangerous infectious disease outbreaks and increasing microbial resistance to drugs. The research stations are an important national resource in the ongoing battle against emerging disease, and should be strengthened with increased funding and increased opportunities for collaborations with civilian scientists. The laboratories provide field sites for important research that cannot feasibly be performed in the United States, including basic research, testing of new drugs and vaccines, increasing our understanding of diseases and their spread. The overseas laboratories strengthen collaborations between U.S. and foreign countries, expanding our knowledge and understanding of infectious diseases, and providing hands-on training for both U.S. and local students and investigators, and for local health authorities.

A MULTITUDE OF DISEASE THREATS

Infectious diseases are caused by a wide variety of viruses, bacteria, and parasites. For example,

- Viruses cause West Nile Virus, dengue fever, yellow fever, Ebola, Marburg, HIV/AIDS, and the most recent threat, severe acute respiratory syndrome (SARS);
- Bacteria cause cholera, tuberculosis, anthrax, plague, and botulism; and
- Parasites cause malaria and leishmaniasis.

Infectious diseases are the second leading cause of death worldwide, accounting for over 13 million deaths (25 percent of all deaths worldwide in 1999). Dozens of well-known diseases—including tuberculosis, malaria, and cholera—have reemerged or spread geographically since 1973, often in more virulent and drug-resistant forms. Over 30 previously unknown disease agents have been identified in this period for which therapy is not optimal or does not exist at all, including HIV, Ebola, Nipah virus, Marburg virus, hepatitis C, and the most recent threat, severe acute respiratory syndrome (SARS).

Moreover, many of these same threats are potential agents for a biological warfare or bioterror attack. Research on these diseases stands to benefit the civilian population as well as the military.

A HISTORY OF SUCCESS IN TROPICAL DISEASE RESEARCH

Consistent with the standard set by our nation's armed forces and the men and women who selflessly serve in our military, it should come as no surprise to anyone that the Defense Department's medical research programs are second to none. As the leader in tropical and infectious disease research, DOD programs have been vital for the successful outcome of military campaigns. It was the DOD research program that developed the first modern drugs for prevention and treatment of malaria, which even today affects 2.4 billion people, or about 40 percent of the world's population, and causes up to 2.7 million deaths each year or about 5 percent of all fatalities worldwide.

Along with Venezuelan Equine Encephalitis, the DOD also developed or supported promising vaccines for prevention of Rift Valley Fever, Argentine Hemorrhagic Fever, Adenovirus disease in recruits, and plague. Two of these vaccines (plague and adenovirus) are no longer licensed in the United States.

As a result of a significant outbreak in Saudi Arabia and Yemen, the first epidemic outside of Africa, Rift Valley Fever vaccine has become of interest to troops in the Middle East. Rift Valley fever is a deadly, fever-causing viral disease which can lead to hemorrhagic fever or encephalitis. It is commonly associated with mosquito-borne epidemics, and it can also be spread through contaminated meat. Spread of this disease to the United States is not out of the question, since mosqui-

toes capable of transmitting Rift Valley Fever are found in the United States. Further development of these vaccines is an important national priority.

Other notable advances accomplished by military experts in tropical diseases working with corporate partners include the invention of hepatitis A vaccine at WRAIR and its ultimate licensure based on studies conducted at the U.S. Armed Forces Research Institute of Medical Sciences (AFRIMS) in Bangkok; the discovery (during WWII), and later licensure of Japanese encephalitis vaccine, based on studies conducted at AFRIMS and WRAIR; and the discovery and licensure of mefloquine and halofantrine for treatment and prevention of malaria. U.S. Navy scientists working at the Naval Medical Research Unit-2 formerly in Taiwan developed intravenous therapy for cholera, and created the foundation for oral rehydration therapy for cholera and other diarrheal diseases, which has been hailed by some as the most important medical discovery of the 20th century.

A significant accomplishment made by military scientists at WRAIR and their corporate partners is the discovery of the first prototype vaccine shown to be capable of preventing falciparum malaria. Novel vaccines, such as a DNA vaccine for malaria, are being developed under the leadership of scientists at the NMRC. Most recently, licensure has been awarded for Malarone, a new drug for prevention and treatment of malaria. Another anti-malarial drug, Tafenaquine, is in advanced field trials with a corporate partner. With the certainty that resistance to malaria drugs quickly appears, these drugs have a useful lifespan of only about ten years. Replacements must be sought continually.

FURTHER DOD RESEARCH IN INFECTIOUS DISEASES NEEDED

A January, 2000, unclassified report from the CIA's National Intelligence Council concluded that infectious diseases are likely to account for more military hospital admissions than battlefield injuries. "The Global Infectious Disease Threat and Its Implications for the United States," labeled global infectious disease a threat to U.S. national security. The report also assessed the global threat of infectious disease, stating "New and reemerging infectious diseases will pose a rising global health threat and will endanger U.S. citizens at home and abroad, threaten U.S. armed forces deployed overseas, and exacerbate social and political instability in key countries and regions in which the United States has significant interests." The recent SARS epidemic has clearly highlighted the ongoing threat of infectious diseases, and it has demonstrated the profound impact these infectious diseases can have, both in terms of health, psychology, and a nation's economy.

ASTMH REQUEST

ASTMH urges a strong national commitment to the DOD infectious disease research programs to accelerate the discovery of the products that protect American military personnel and citizens at home and abroad, and to improve global health and economic stability in developing countries. The DOD's Military Infectious Disease Research Program (MIDRP) has been a highly successful program. ASTMH urges the Subcommittee to make DOD infectious disease research a high priority in the DOD budget for fiscal year 2004, and to provide \$70 million, up from the \$42 million in the current budget, to take full advantage of the high-quality research opportunities.

The Society also hopes this Subcommittee will continue to oversee the DOD's HIV Research Program as new agreements with the National Institute of Allergy and Infectious Diseases (NIAID) develop. The HIV Research Program, mandated by Congress in 1987 because of the significant risk of active-duty personnel in acquiring the HIV virus, is a world leader in the study of HIV genetic variation world-wide and in the development and testing of new vaccines to be used against HIV strains anywhere in the world. It is critical that the overseas collaborations and agreements facilitated by the current leadership from the Walter Reed Army Institute of Research be preserved to ensure the continued progress of current and planned clinical trials to test the efficacy of new vaccine products. ASTMH recommends \$35 million for the HIV Research Program, up from approximately \$23 million in the current budget.

Finally the Society also supports the Global Pathogen Surveillance Act (S. 871) recently introduced by Senator Biden, which authorizes additional resources to increase the number of personnel and expand operations at the DOD overseas laboratories. The Society requests that the Subcommittee fully fund this initiative at the \$18 million level authorized by the bill, if it is enacted into law during the upcoming year.

CONCLUSION

Our borders remain porous to infectious and tropical diseases, including most recently the West Nile Virus, which has been found here in Washington, DC. Other diseases still largely confined to the tropics, like malaria, pose a major threat to our military and to American travelers. In all military operations in the last century where malaria was transmitted, including the Pacific Theater in World War II, Vietnam, and Somalia, more casualties were caused by malaria than by combat injuries. And with global warming, the increasing resistance of insect vectors to insecticides, and the increasing resistance of the malaria parasite to antimalarial drugs, the range of malaria and other vector-borne diseases is expanding.

The ASTMH urges you to provide strong support for the DOD Military Infectious Diseases Research Programs. Our nation's commitment to this research is critically important given the resurgent and emerging infectious disease threats that exist today. If we don't make these important programs a priority, the health of our troops, as well as the health of all Americans, will continue to be at risk; we will continue to experience increased health costs; and infectious diseases will flourish around the world, prolonging economic and political instability.

Thank you for the opportunity to present the views of the American Society of Tropical Medicine and Hygiene, and for your consideration of these requests.

Senator STEVENS. The next witness is Karen Peluso, Director of the Neurofibromatosis Corporation in New England. Good morning.

STATEMENT OF KAREN PELUSO, EXECUTIVE DIRECTOR, NEUROFIBROMATOSIS, INC., NEW ENGLAND

Ms. PELUSO. Good morning, Mr. Chairman. Thank you for the opportunity to appear before you today to talk about the importance of continuing the Army's neurofibromatosis (NF) research program.

Neurofibromatosis is a genetic tumor disorder that causes tumors to grow anywhere on the nerves in or on our body. It can be disfiguring and debilitating. It can cause brain tumors, tumors of the spine, hearing loss, blindness, learning disabilities, and cancer.

I was introduced to neurofibromatosis 20 years ago when my daughter was diagnosed with NF, and I was very fortunate at the time that my pediatrician was able to recognize the café au lait birthmarks on her body, which were an outward sign of NF. At that time I was very frustrated by the fact that I could not find any information. In fact, our pediatrician showed us his medical book, which had a very small paragraph which talked about neurofibromatosis. And myself with a group of other parents became an advocacy group to try to create awareness and promote research.

1993 was a turning point in our quest to find a treatment and cure for NF when this subcommittee made an appropriation of \$8 million for a 3-year study of neurofibromatosis. After that 3 years, the results were astounding. The scientists were so enthusiastic about how studying NF would open new information regarding diseases that affect millions of people, like cancer and brain tumors and learning disabilities, not just the people who have neurofibromatosis. NF was also directly linked to military purposes as it can be used in studying wound healing and nerve regeneration after exposure to chemical toxins.

Congress has given NF research strong partisan support and the Army's NF research has produced dramatic results every year. Now clinical trials have begun to use drugs to try to shrink these tumors.

Twenty years later after I learned that my daughter has neurofibromatosis, I work in the office of Neurofibromatosis, Incorporated, in New England and every day our phone rings with new parents who have received the diagnosis of NF, and they are filled with the same fear that I had 20 years ago: How will this affect my child? What is going to happen to her? NF is so unpredictable.

I can give them the good news and the bad news. The good news is that, thanks to the Army's innovative NF research program, great strides are being made and we are getting closer to a cure. But the bad news is we still do not have a treatment, we still do not have a cure, and we have to keep up this fight.

That is why I am here today to respectfully ask that this committee make a recommendation of \$25 million for the NF research program through the Army in fiscal 2004. We cannot stop our fight now, we have come so far and we are so close. I ask this subcommittee for your continued support and thank you for your past support.

[The statement follows:]

PREPARED STATEMENT OF KAREN PELUSO

Thank you, Mr. Chairman, for the opportunity to appear before you today to present testimony to the Subcommittee on the importance of continued funding for Neurofibromatosis (NF), a terrible genetic disorder directly associated with military purposes and closely linked to many common ailments widespread among the American population.

I am Karen Peluso, Executive Director of NF Inc.-New England, which is a participant in a national coalition of NF advocacy groups. I have been actively involved in creating awareness of NF and promoting scientific research in this area since 1982. I am here on behalf of the 100,000 Americans who suffer from NF, including my daughter, as well as approximately 150 million Americans who suffer from diseases linked to NF, including some of the most common forms of cancer, congenital heart disease, hypertension, and learning disabilities.

Mr. Chairman, I am requesting increased support, in the amount of \$25 million, to continue the Army's highly successful NF Research Program (NFRP). The program's great success can be seen in the commencement of clinical trials only ten years since the discovery of the NF1 gene. Now, with NF in the expensive but critical era of clinical and translational research, scientists closely involved with the Army program have stated that the number of high-quality scientific applications justify a much larger program.

What is Neurofibromatosis (NF)?

NF is a genetic disorder involving the uncontrolled growth of tumors along the nervous system which can result in terrible disfigurement, deformity, deafness, blindness, brain tumors, cancer, and/or death. NF can also cause other abnormalities such as unsightly benign tumors across the entire body and bone deformities. In addition, approximately one-half of children with NF suffer from learning disabilities. It is the most common neurological disorder caused by a single gene. While not all NF patients suffer from the most severe symptoms, all NF patients and their families live with the uncertainty of not knowing whether they will be seriously affected one day because NF is a highly variable and progressive disease.

Approximately 100,000 Americans have NF. It appears in approximately one in every 3,500 births and strikes worldwide, without regard to gender, race or ethnicity. It is estimated that 50 percent of new cases result from a spontaneous mutation in an individual's genes and 50 percent are inherited. There are two types of NF: NF1, which is more common, and NF2, which primarily involves acoustic neuromas and other tumors, causing deafness and balance problems.

Most strikingly, research has shown that NF is closely linked to cancer, brain tumors, learning disabilities, and heart disease, potentially affecting over 150 million Americans in this generation alone.

NF's Connection to the Military

NF research is directly linked to military purposes because it is closely linked to cancer, brain tumors, learning disabilities, brain tissue degeneration, nervous sys-

tem degeneration, deafness, and balance. Because NF manifests itself in the nervous system, this Subcommittee, in past Report language, has stated that Army-supported research on NF includes important investigations into genetic mechanisms governing peripheral nerve regeneration after injury from such things as missile wounds and chemical toxins. For the same reason, this subcommittee also stated that NF may be relevant to understanding Gulf War Syndrome and to gaining a better understanding of wound healing. Today, NF research now includes important investigations into genetic mechanisms which involve not just the nervous system but also other cancers.

The Army's Contribution to NF Research

Recognizing NF's importance to both the military and to the general population, Congress has given the Army's NF Research Program strong bipartisan support. After the initial three-year grants were successfully completed, Congress appropriated continued funding for the Army NF Research Program on an annual basis. From fiscal year 1996 through fiscal year 2003, this funding has amounted to \$110.3 million, in addition to the original \$8 million appropriation. Between fiscal year 1996 and fiscal year 2002, 299 proposals were received, of which 85 awards have been granted to researchers across the country and another 17 projects have been recommended for funding this year.

The Army program funds innovative, groundbreaking research which would not otherwise have been pursued, and it has produced major advances in NF research, such as the development of advanced animal models and clinical trials. The program has brought new researchers into the field of NF, as can be seen by the nearly 60 percent increase in applications in the past year alone. Unfortunately, despite this increase, the number of awards has remained relatively constant over the past couple of years.

In order to ensure maximum efficiency, the Army collaborates closely with other federal agencies that are involved in NF research, such as NIH and the VA. Senior program staff from the National Cancer Institute (NCI) and the National Institute of Neurological Disorders and Stroke (NINDS), for example, have sat on the Army's NF Research Program's Integration Panel which sets the long-term vision and funding strategies for the program. This assures the highest scientific standard for research funding while ensuring that the Army program does not overlap with other research activities.

Because of the enormous advances that have been made as a result of the Army's NF Research Program, research in NF has truly become one of the great success stories in the current revolution in molecular genetics, leading one major researcher to conclude that more is known about NF genetically than any other disease. Accordingly, many medical researchers believe that NF should serve as a model to study all diseases.

Future Directions

The NF research community is now ready to embark on projects that translate the scientific discoveries from the lab to the clinic. This translational research holds incredible promise for NF patients, as well as for patients who suffer from many of the diseases linked to NF. This research is costly and will require an increased commitment on the federal level. Specifically, increased investment in the following areas would continue to advance NF research and are included in the Army's NF research goals:

- Clinical trials
- Development of drug and genetic therapies
- Further development and maintenance of advanced animal models
- Expansion of biochemical research on the functions of the NF gene and discovery of new targets for drug therapy
- Natural History Studies and identification of modifier genes—such studies are already underway, and they will provide a baseline for testing potential therapies and differentiating among different phenotypes of NF
- Development of NF Centers, tissue banks, and patient registries.

Fiscal Year 2004 Request

Mr. Chairman, the Army's highly successful NF Research Program has shown tangible results and direct military application with broad implications for the general population as well. The program is now poised to fund translational and clinical research, which is the most promising yet the most expensive direction that NF research has taken. The program has succeeded in its mission to bring new researchers and new approaches to research into the field. Therefore, increased funding is now needed to take advantage of promising avenues of investigation, to continue to

build on the successes of this program, and to fund this translational research thereby continuing the enormous return on the taxpayers' investment.

In recent years, the program has granted its first two clinical trial awards but had to decline other clinical trial applications that scored in the "Excellent" range in the peer review process, solely because of limited funds. This is why scientists closely involved with Army program believe that the high quality of the scientific applications would justify a much larger program than is currently funded.

I am here today to respectfully request an appropriation of \$25 million in your fiscal year 2004 Department of Defense Appropriations bill for the Army Neurofibromatosis Research Program. This is a \$5 million increase over the current level of funding as a step toward capitalizing on all of the research opportunities now available

Mr. Chairman, in addition to providing a clear military benefit, the DOD's Neurofibromatosis Research Program also provides hope for the 100,000 Americans like my daughter who suffer from NF, as well as the tens of millions of Americans who suffer from NF's related diseases such as cancer, learning disabilities, heart disease, and brain tumors. Leading researchers now believe that we are on the threshold of a treatment and a cure for this terrible disease. With this Subcommittee's continued support, we will prevail.

Thank you for your support of this program and I appreciate the opportunity to submit this testimony to the Subcommittee.

Senator STEVENS. Thank you very much.

Ms. PELUSO. Thank you.

Senator STEVENS. Is there any money anywhere in the budget to your knowledge for that?

Ms. PELUSO. Pardon me?

Senator STEVENS. Any money anywhere in the budget for that NF, do you know?

Ms. PELUSO. Well, last year there was \$20 million. Is there money in this year's budget? I am sorry, I do not know the answer to that, sir. Let me ask—

Senator STEVENS. We will find out.

Thank you very much.

Ms. PELUSO. Thank you.

Senator STEVENS. Mr. Morris, Robert Morris, Chief Executive Officer of the Fort Des Moines Memorial Park and Education Center.

**STATEMENT OF ROBERT V. MORRIS, CHIEF EXECUTIVE OFFICER,
FORT DES MOINES MEMORIAL PARK, INC.**

Mr. MORRIS. Good morning, Senator Stevens. As you are aware, Fort Des Moines is the only military installation that can boast of being the launching point for black commissioned officers, female commissioned officers, and female enlisted troops into the United States Army, and we are very pleased with the record of the descendants of Fort Des Moines in the Iraq War.

Fort Des Moines has introduced a project called the National Education Project (NEP), which is timely since, according to the U.S. Census, the majority of Americans will be non-white by year 2055, as will be our Armed Forces. The project's mission is to educate America's youth with an accurate portrayal of black and female contributions to military history and their impact on equality in the greater society. This youth education will enhance understanding of, support for, and participation in America's armed forces.

The NEP offers multiple multicultural, non-sexist academic lessons related to the military command integration that occurred at Fort Des Moines. The first U.S. Army officer candidate school opened to black Americans in 1917 and to women in 1942 as part

of the First Women's Army Corps give the national historic site a unique place in history.

The target audience for the academic lessons are K through 12 who possess a limited knowledge of non-white and female contributions to the military and to the Nation. The curriculum and documentary programs will be distributed nationwide via Internet and educational television at no cost to the end users. The program includes a series of evaluation measures to ensure classroom usage and effectiveness.

Our National Education Project, an unprecedented educational initiative, is a dynamic response to the diversifying needs of our Nation and our Armed Forces. To this end, we request a \$2.1 million appropriation to develop and implement the project in the long-term interest of our national defense.

As you are aware, Senator, we have had a number of the real pioneers in the military through race involved in our project, including General Hoisington, the first female general, and General Colin Powell, who served on our board for 3 years until he became Secretary of State. This we feel is a very unique opportunity to do something that has never been done.

As you are aware, we have been here before and our park is almost complete. We will be open next July and we are looking forward to expanding our programming nationally.

[The statement follows:]

PREPARED STATEMENT OF ROBERT V. MORRIS

As America's Greatest Memorial to Black and Female Soldiers, Fort Des Moines is the only military installation to hold the distinction of launching black and women commissioned officers and female enlisted troops into the United States Army.

Set for dedication in July 2004, our five (5) acre park includes a 20,000 sq. ft. museum, historic Chapel, reflecting pool and monument by noted sculptor Richard Hunt. In order to achieve sustained nation-wide outreach, Fort Des Moines has introduced a unique National Education Project (NEP) which is timely since, according to the U.S. Census, the majority of American's will be non-white by year 2055 as will our Armed Forces.

The project's mission is to educate America's youth with an accurate portrayal of black and female contributions to military history and their impact on equality in greater society. This youth education will enhance understanding of, support for and participation in America's Armed Forces.

The NEP offers multi-cultural, non-sexist academic lessons related to the military command integration that occurred at Fort Des Moines. The first U.S. Army officer candidate schools open to black Americans in 1917 and to women in 1942 as part of the first Women's Army Corps give our National Historic Site a unique place in history. The target audience for the academic lessons are k-12 youth who possess a limited knowledge of non-white and female contributions to the military and the nation. The curriculum and documentary programs will be distributed nation-wide via internet and educational television at no cost to the end users. The program includes a series of evaluation measures to insure classroom usage and effectiveness.

Our National Education Project, an unprecedented educational initiative, is a dynamic response to the diversifying needs of our nation and our Armed Forces. To this end, we request a \$2.1 million appropriation to develop and implement this great project in the long-term interest of our national defense.

Senator STEVENS. Well, thank you. We will do our best. Colin Powell did call me about this last year. I will talk to him about it again.

Mr. MORRIS. Thank you very much.

Senator STEVENS. Thank you very much for your testimony.

Next is Robert Washington, co-chairman of the Military Coalition.

STATEMENT OF ROBERT WASHINGTON, SR., FLEET RESERVE ASSOCIATION; CO-CHAIRMAN, THE MILITARY COALITION HEALTH CARE COMMITTEE

Mr. WASHINGTON. Good morning, Mr. Chairman.

Senator STEVENS. Good morning, sir.

Mr. WASHINGTON. The Military Coalition is most grateful to the leadership and strong support of last year's significant improvements in military pay, housing allowance, and other personnel programs for the Active, Guard, and Reserve personnel and their families. As much as Congress accomplished last year, very significant inequities and readiness challenges remain to be addressed. The following recommendations are made.

The coalition strongly recommends restoration and funding of service end strength consistent with long-term sustainment of the global war on terrorism and the war in Iraq. The coalition urges the subcommittee to fund the administration-proposed pay raises and restore full pay comparability. The coalition opposes privatization of commissaries and strongly supports full funding of the benefit to sustain the current level of service for all commissary patrons.

The coalition is asking the subcommittee to use your considerable powers of influence and persuasion with the Ways and Means Committee to break the logjam that has stalled military tax relief bill legislation sorely needed to eliminate the tax inequities and penalty on active duty Guard and Reserve members and their families.

The coalition urges the subcommittee to appropriate sufficient funds for DOD to communicate benefit information directly to Standard beneficiaries, develop a Standard beneficiary education program, assist Standard beneficiaries in finding providers who will accept new Tricare Standard patients, including interactive, online lists, and other means of communication, and to develop a program to enhance Tricare Standard provider recruitment; also to appropriate sufficient funds to institute a pilot project at several locations of varying characteristics to test the extent to which raising Tricare Standard rates increased the number of providers who are willing to accept new Standard patients.

The coalition urges the subcommittee to appropriate sufficient funds to make the Tricare medical program available for members of the National Guard and Reserve components and their families prior to activation on a cost-sharing basis, in order to ensure medical readiness and provide continuity of coverage to members of the Selected Reserve.

In conclusion, Mr. Chairman, I again thank you for the opportunity to present the coalition's views.

Senator STEVENS. Well, thank you for coming again. We appreciate your courtesy, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF ROBERT WASHINGTON, SR.

Mister Chairman and distinguished members of the subcommittee. On behalf of The Military Coalition, a consortium of nationally prominent uniformed services and

veterans' organizations, we are grateful to the Subcommittee for this opportunity to express our views concerning issues affecting the uniformed services community. This testimony provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

Air Force Association
 Air Force Sergeants Association
 Air Force Women Officers Associated
 AMVETS (American Veterans)
 Army Aviation Association of America
 Association of Military Surgeons of the United States
 Association of the United States Army
 Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
 Commissioned Officers Association of the U.S. Public Health Service, Inc.
 Enlisted Association of the National Guard of the United States
 Fleet Reserve Association
 Gold Star Wives of America, Inc.
 Jewish War Veterans of the United States of America
 Marine Corps League
 Marine Corps Reserve Officers Association
 Military Chaplains Association of the United States of America
 Military Officers Association of America
 Military Order of the Purple Heart
 National Guard Association of the United States
 National Military Family Association
 National Order of Battlefield Commissions
 Naval Enlisted Reserve Association
 Naval Reserve Association
 Navy League of the United States
 Non Commissioned Officers Association
 Reserve Officers Association
 Society of Medical Consultants to the Armed Forces
 The Retired Enlisted Association
 United Armed Forces Association
 United States Army Warrant Officers Association
 United States Coast Guard Chief Petty Officers Association
 Veterans of Foreign Wars
 Veterans' Widows International Network
 The Military Coalition, Inc., does not receive any grants or contracts from the federal government.

PERSONNEL ISSUES

Mr. Chairman, The Military Coalition (TMC) is most grateful to the leadership and members of this Subcommittee for their strong support leading to last year's significant improvements in military pay, housing allowances and other personnel programs for active, Guard and Reserve personnel and their families. But as much as Congress accomplished last year, very significant inequities and readiness challenges remain to be addressed.

In testimony today, The Military Coalition offers its collective recommendations on what needs to be done to address these important issues and sustain long-term personnel readiness.

ACTIVE FORCE ISSUES

Since the end of the Cold War, the size of the force and real defense spending have been cut more than a third. In fact, the defense budget today is just 3.2 percent of this Nation's Gross National Product—less than half of the share it comprised in 1986. But national leaders also have pursued an increasingly active role for America's forces in guarding the peace in a very-dangerous world. Constant and repeated deployments have become a way of life for today's servicemembers, and the stress is taking a significant toll on our men and women in uniform and their families, as well.

Despite the notable and commendable improvements made during the last several years in military compensation and health care programs, retention remains a significant challenge, especially in technical specialties. While some service retention statistics are up from previous years' levels, many believe those numbers are skewed by post-9/11 patriotism and by Services' stop-loss policies. That artificial re-

tention bubble is not sustainable for the long term under these conditions, despite the reluctance of some to see anything other than rosy scenarios.

From the servicemembers' standpoint, the increased personnel tempo necessary to meet continued and sustained training and operational requirements has meant having to work progressively longer and harder every year. "Time away from home" has become a real focal point in the retention equation. Servicemembers have endured years of longer duty days; increased family separations; difficulties in accessing affordable, quality health care; deteriorating military housing; less opportunity to use education benefits; and more out-of-pocket expenses with each military relocation.

The war on terrorism has only heightened already burdensome mission requirements, and operating—and personnel—tempos continue to intensify. Members' patriotic dedication has been the fabric that sustained this increased workload for now, and a temporarily depressed economy also may have deterred some losses. But the longer-term outlook is problematic.

Personnel Strengths and Operations Tempo.—The Coalition has been dismayed and deeply disappointed at the Department of Defense's reluctance to accept Congress efforts to increase Service end strength to meet today's much-increased operations tempo. The Department's response is to attack the problem by freeing up resources to realign to core war-fighting skills. While the Department's transformation vision is a great theory, its practical application will take a long time—time we don't have after years of extraordinary optempo that is already exhausting our downsized forces.

The Coalition strongly believes that earlier force reductions went too far and that the size of the force should be increased, commensurate with missions assigned. The force was already overstrained to meet its deployment requirements before 9/11, and since then our forces have absorbed major contingency requirements in Afghanistan and Iraq.

Deferral of meaningful action to address this problem cannot continue without risking serious consequences. Real relief is needed now. With no evidence of declining missions, this can only be achieved by increasing the size of the force.

The Military Coalition strongly recommends restoration and funding of Service end strengths consistent with long-term sustainment of the global war on terrorism and fulfillment of national military strategy. The Coalition supports application of recruiting resources as necessary to meet this requirement. The Coalition urges the Subcommittee to consider all possible manpower options to ease operational stresses on active, Guard and Reserve personnel.

Pay Raise Comparability.—The Military Coalition appreciates the Subcommittee's leadership during the last five years in reversing the routine practice of capping servicemembers' annual pay raises below the average American's. In servicemembers' eyes, all of those previous pay raise caps provided regular negative feedback about the relative value the Nation placed on retaining their services.

Unfortunately, this failed practice of capping military raises to pay for budget shortfalls reared its head again earlier this year when the Director of the Office of Management and Budget proposed capping 2004 and future military pay raises at the level of inflation. The Coalition was shocked and deeply disappointed that such a senior officer could ignore 25 years of experience indicating that pay caps lead inevitably to retention and readiness problems. Not only was the proposal ill timed as troops massed for a war with Iraq—it's just bad, failed policy.

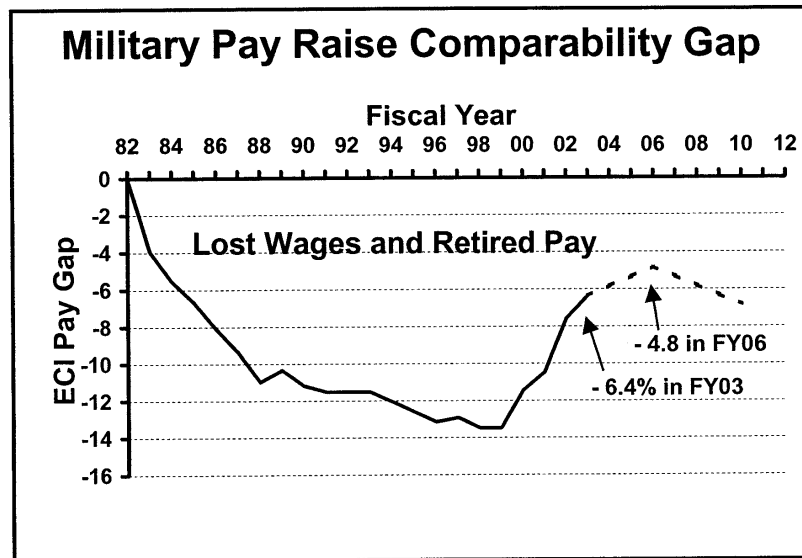
The President rejected his senior budget official's advice for five of the seven uniformed services—but, unfortunately, the Administration's budget for fiscal year 2004 proposes to cap the pay of NOAA and USPHS officers at 2 percent. The Military Coalition strongly objects to this disparate treatment of members in those uniformed services. The Coalition urges the Subcommittee to intercede in their behalf with colleagues on the appropriate oversight committees for NOAA and USPHS personnel to ensure that these commissioned officers receive the same treatment as their fellow comrades-in-arms.

Pay raise comparability with private sector wage growth is a fundamental underpinning of the all-volunteer force, and it cannot be dismissed without severe consequences for national defense.

When the pay raise comparability gap reached 13.5 percent in 1999—resulting in a predictable readiness crises—Congress took responsible action to change the law. Largely because of your efforts and the belated recognition of the problem by the Executive Branch, the gap has been reduced to 6.4 percent as of 2003.

Fortunately, the President rejected his budgeteers' advice, and has proposed an average 4.1 percent raise for fiscal year 2004, which would shrink the gap another full percentage point to 5.4 percent. Even at that rate, it would take another 5 years to restore full comparability. So this is no time to reinstitute pay caps.

On the contrary, we urge the Subcommittee to consider that the law mandating increased military raises will expire in 2006, after which military raises will again be capped one-half percentage point per year below private sector wage growth (see chart below).



The Military Coalition urges the Subcommittee to fund the Administration-proposed raise and restore full pay comparability on the quickest possible schedule. Further, the Coalition strongly urges the Subcommittee to fund equal raises to PHS and NOAA corps officers and not create—for the first time ever—separate pay tables within the uniformed services.

Basic Allowance for Housing (BAH).—The Military Coalition supports revised housing standards that are more realistic and appropriate for each pay grade. As an example, enlisted members are not authorized to receive BAH for a 3-bedroom single-family detached house until achieving the rank of E-9—which represents only one percent of the enlisted force. TMC believes that as a minimum, this BAH standard should be extended to qualifying servicemembers in grades E-7 and above, immediately.

The Coalition is most grateful to the Subcommittee for acting in 1999 to reduce out-of-pocket housing expenses for servicemembers. Responding to Congress's leadership on this issue, the Department of Defense proposed a phased plan to reduce median out of pocket expenses to zero by fiscal year 2005. This aggressive action to better realign BAH rates with actual housing costs is having a real impact and providing immediate relief to many servicemembers and families who were strapped in meeting rising housing and utility costs.

The Military Coalition urges the Subcommittee to fund adjustments in grade-based housing standards to more adequately cover members' current out-of-pocket housing expenses.

Family Readiness and Support.—The family continues to be a key consideration in the readiness equation for each servicemember. The maintenance of family readiness and support programs is part of the cost of performing the military mission. We must ensure that families have the opportunity to develop the financial and readiness skills needed to cope with deployment situations. It is important to meet the childcare needs of the military community including National Guard and Reserve members. Overall family support programs must meet the needs of National Guard and Reserve members being called to active duty in ever-increasing numbers.

The Military Coalition urges funding to improve education and outreach programs and increase childcare availability to ensure a family readiness level and a support structure that meets the requirements of increased force deployments for active duty, National Guard and Reserve members.

Commissaries.—The fiscal year 2003 budget reduced Defense Commissary Agency funding by \$137 million and envisioned eliminating over 2,600 positions from stores and headquarters staff by September 30, 2003. While DeCA indicates there will be no loss in service to the customer, the Coalition is concerned that the size and scope of the reductions may negatively impact quality and service to customers, including additional store closings, reduced hours, longer cashier lines and reduced stock on store shelves. This would have a significantly adverse impact on the benefit, which is widely recognized as a valuable part of the servicemember's compensation package and a cornerstone of quality of life benefits.

The Military Coalition opposes privatization of commissaries and strongly supports full funding of the benefit to sustain the current level of service for all commissary patrons.

Tax issues.—The Coalition understands that tax matters fall under the purview of a different committee. But there are unique issues affecting active duty, National Guard and Reserve members, and their families, and we hope that members of the Subcommittee will use their significant powers of persuasion to convince their colleagues to address these needed changes quickly.

The Coalition strongly urges that every effort be made to break the logjam over the military tax relief bill (H.R. 1664). Considerable congressional support exists for the changes envisioned by this legislation, but the bill is now stalled for a number of reasons—none of which concern the merits of the legislation. This legislation will immediately benefit thousands of military homeowners who have been unfairly (and inadvertently) penalized with capital gains tax liabilities incurred because they were forced to sell their homes after extended government-directed absences away from their principle residences. This legislation will also provide needed tax deductions for unreimbursed travel and per diem expenses incurred by drilling Guard and Reserve personnel, who are asked to train more to enhance their readiness skills to support contingency missions. And, very significantly, the military tax relief bill fully tax exempts the death gratuity benefit paid to survivors of military members killed on active duty—which will immediately eliminate the inexplicable tax these survivors have to pay now.

The Military Coalition urges the Subcommittee to use their considerable powers of influence and persuasion with the Ways and Means committee to break the logjam that has stalled the military tax relief bill—legislation sorely needed to eliminate tax inequities that penalize active duty, Guard and Reserve members, and their families.

The Coalition also supports legislation that would amend the tax law to let Federal civilian retirees and active duty and retired military members pay health insurance premiums on a pre-tax basis. Many uniformed services beneficiaries pay premiums for a variety of health insurance programs, such as TRICARE supplements, the active duty dental plan or TRICARE Retiree Dental Plan (TRDP), long-term care insurance, or TRICARE Prime enrollment fees. For most beneficiaries, these premiums and enrollment fees are not tax-deductible because their health care expenses do not exceed 7.5 percent of their adjusted gross taxable income, as required by the IRS. This creates a significant inequity with private sector and some government workers, many of whom already enjoy tax exemptions for health and dental premiums through employer-sponsored health benefits plans. A precedent for this benefit was set for other Federal employees by a 2000 Presidential directive allowing federal civilian employees to pay premiums for their Federal Employees Health Benefits Program (FEHBP) coverage with pre-tax dollars.

Although we recognize that this is not within the purview of the Subcommittee, the Coalition hopes that Subcommittee members will lend their support to this legislation and help ensure equal treatment for all military and federal beneficiaries.

The Coalition urges the Subcommittee to support legislation to provide active duty and uniformed services beneficiaries a tax exemption for premiums or enrollment fees paid for TRICARE Prime, TRICARE Standard supplements, the active duty dental plan, TRICARE Retiree Dental Plan, FEHBP and Long Term Care.

Death Gratuity.—The current death gratuity amount was last increased in 1991 when it was raised from \$3,000 to \$6,000. This amount is insufficient to cover costs incurred by families responding to the death of an active member.

The Military Coalition recommends funding to increase the military death gratuity from \$6,000 to \$12,000, and making the gratuity tax-free.

HEALTH CARE TESTIMONY

The Military Coalition (TMC) is appreciative of Congress's exceptional efforts to honor health care commitments to uniformed services beneficiaries, particularly for active duty and Medicare-eligibles. However, much remains to be done. We wish to

address certain chronic problem areas, and additional initiatives essential to providing an equitable and consistent health benefit for all categories of TRICARE beneficiaries, regardless of age or geography.

While Congress has substantially eased cost burdens for Medicare-eligibles and for active duty families in TRICARE Prime and Prime Remote, we need to draw attention to the 3.2 million TRICARE Standard beneficiaries under the age of 65, many of whom face increasingly significant provider accessibility challenges.

ADEQUATE FUNDING FOR THE DEFENSE HEALTH BUDGET

Once again, a top Coalition priority is to work with Congress and DOD to ensure full funding of the Defense Health Budget to meet readiness needs and deliver services, through both the direct care and purchased care systems, for ALL uniformed services beneficiaries, regardless of age, status or location. An adequately funded health care benefit is essential to readiness and the retention of qualified uniformed service personnel.

The Subcommittee's oversight of the defense health budget is essential to avoid a return to the chronic underfunding of recent years that led to execution shortfalls, shortchanging of the direct care system, inadequate equipment capitalization, failure to invest in infrastructure and reliance on annual emergency supplemental funding requests as a substitute for candid and conscientious budget planning.

While supplemental appropriations were not required last year, we are concerned that the current funding level only meets the needs of the status quo and does not address the growing requirement to support the deployment of forces to Southwest Asia and Afghanistan. Addressing funding for these increased readiness requirements; TRICARE provider shortfalls and other needs will require additional funding.

The Military Coalition strongly recommends the Subcommittee continue its watchfulness to ensure full funding of the Defense Health Program, to include military medical readiness, TRICARE, and the DOD peacetime health care mission. The Defense Health Budget must be sufficient to provide financial incentives to attract increased numbers of providers needed to ensure access for TRICARE beneficiaries in all parts of the country.

TRICARE IMPROVEMENTS

Access to care is the number one concern expressed by our collective memberships. More and more beneficiaries report that few, if any, providers in their area are willing to accept new TRICARE Standard patients. Enhanced benefits for our seniors and decreased cost shares for active duty beneficiaries will be of little consequence to beneficiaries who cannot find a TRICARE provider.

Network and Standard Provider Availability.—Large numbers of beneficiaries continue to report increased difficulty locating providers who will accept new TRICARE patients, even though the Department of Defense indicates that the number of TRICARE providers is at near an all-time high.

Clearly, there is a problem with how provider participation is measured and monitored. The current participation metric is calculated as the percentage claims filed on an assigned basis. Nowhere does DOD or its support contractors ask or track whether participating or authorized providers are accepting new patients. Since participation is fluid, providers are permitted to accept or refuse TRICARE patients on a day-by-day basis; therefore, beneficiaries often must make multiple inquiries to locate a provider who is taking patients on that day.

Allegedly, current TRICARE contracts require Manage Care Support Contractors (MCSC) to help Standard patients find providers, but this is not the actual practice. Further, there is no such requirement in the new TRICARE Next Generation of Contracts (TNEX). MCSCs are under no obligation to recruit Standard providers or provide up to date lists of Standard providers, leaving beneficiaries on their own to determine if a provider is willing to accept Standard patients. We urge the subcommittee to fund a program to increase Standard provider recruitment by educating civilian providers about the TRICARE Standard benefit. We believe this issue is too critical to depend upon the "chance" that the civilian contractors will voluntarily elect to provide this service as a "valued added product" in all regions.

Simply stated, Standard beneficiaries are neglected. No effort is made to reach out to them, to provide education about the extent of the Standard benefit, to directly communicate benefits information, or provide support to locate a provider. The Coalition adamantly believes DOD has an obligation to develop an education and communication program for Standard beneficiaries. DOD should direct MCSCs to assist Standard beneficiaries as well as Prime beneficiaries. Options should include providing interactive on-line lists of Standard providers, with indications of which ones

are currently accepting new Standard patients. When a beneficiary cannot find a provider, the MCSC should help them do so.

The Military Coalition urges the Subcommittee to appropriate sufficient funds for DOD to communicate benefits information directly to Standard beneficiaries, develop a Standard beneficiary education program, assist Standard beneficiaries in finding providers who will accept new TRICARE Standard patients, including interactive on-line lists and other means of communication and to develop a program to enhance TRICARE Standard provider recruitment.

Provider Reimbursement.—Provider groups tell us that TRICARE is the lowest-paying program they deal with, and often poses them the most administrative problems. This is a terrible combination of perceptions if you are a TRICARE Standard patient trying to find a doctor.

The Coalition is concerned that the war on terrorism and the war in Southwest Asia are straining the capacity of the military's direct health care system, as large numbers of medical corps members are deployed overseas. More and more TRICARE patients are turning to turn to the civilian sector for care—putting more pressure on civilian providers who already have absorbed significant fee cuts from TRICARE. Our deployed service men and women need to focus on their mission, without having to worry whether their family members back home can find a provider. Uniformed services beneficiaries their family members and survivors deserve the nation's best health care, not the cheapest.

In order to achieve parity and encourage participation, both Medicare and DOD have the ability to institute locality-based rates to account for geographical variation in practice costs to secure sufficient providers. DOD has statutory authority (10 U.S.C. 1097 (b)) to raise rates for network providers up to 115 percent of TRICARE Maximum Allowable Charge (TMAC) in areas where adequate access to health care services is severely impaired. To date, DOD has resisted using its authority to raise reimbursement levels.

Raising TRICARE payment rates to competitive levels with other insurance is essential to solving the Standard access problem. There are cost implications of doing this, and the Coalition understands the preference in both the Executive and Legislative Branches to focus on administrative issues rather than payment levels. However, providers indicate that it is a money issue. They may be willing to accept low payments from Medicare out of a sense of obligation to seniors, the volume of patients, and because Medicare has a reliable electronic payment system. They are not so willing to accept low TRICARE payments.

Other insurance programs pay providers rates that are significantly higher than Standard's. The Coalition doubts that access problems can be addressed successfully without raising rates. The only way to assess the merits is to institute a pilot project to test if raising TRICARE Standard payment rates improves access for beneficiaries.

The Military Coalition urges the Subcommittee to appropriate sufficient funds to institute a pilot project at several locations of varying characteristics to test the extent to which raising TRICARE Standard rates increases the number of providers who are willing to accept new Standard patients.

Healthcare for Members of the National Guard and Reserve.—Sec. 702 of the fiscal year 2003 NDAA authorized further Prime eligibility for certain dependents of Reserve Component Members residing in remote areas whose sponsors are ordered to extended active duty of at least 30 days. The Coalition is pleased that DOD recently announced its intent to implement Sec 702, as well as to extend the Prime benefit to Reserve Component dependents who reside within Military Treatment Facility (MTF) catchment areas.

The Coalition is most appreciative that TRICARE Prime and TRICARE Prime Remote (TPR) benefits will now be standardized for ALL Reserve Component families when the sponsor is called to active duty for 30 days, regardless of whether the family resides in a MTF catchment area or not. The Coalition is also pleased that DOD has waived for Reserve Component beneficiaries the TPR requirement that family members reside with their sponsor in an area outside of MTF catchment areas.

Health insurance coverage has an impact on Guard-Reserve (G-R) medical readiness and family morale. Progress has been made during transitional periods after call-ups, but more needs to be done to provide continuity of care coverage for reserve component members prior to activation.

Health insurance coverage varies widely for members of the G-R: some have coverage through private employers, others through the Federal government, and still others have no coverage. Reserve families with employer-based health insurance must, in some cases, pick up the full cost of premiums during an extended activation. Although TRICARE eligibility starts at 30 days activation, many G-R families would prefer continued access to their own health insurance rather than being

forced to find a new provider who accepts TRICARE. In other cases, disruption (and in some cases cancellation) of private sector coverage as a consequence of extended activation under TRICARE adversely affects family morale and military readiness and discourages some from reenlisting.

In 2001, DOD recognized this problem and announced a policy change under which DOD would pay the premiums for the Federal Employee Health Benefit Program (FEHBP) for DOD reservist—employees activated for extended periods. However, this new benefit only affects about 10 percent of the Selected Reserve. The Coalition believes this philosophy could be extended to pay health insurance premiums for activated G–R members who are not federal civilian employees.

As a matter of morale, equity, and personnel readiness, the Coalition believes more needs to be done to assist reservists who are being called up more frequently in support of national security missions. They deserve options that provide their families continuity of care, without having to find a new doctor or navigate a new system each time the member is activated or deactivated.

The Military Coalition urges the Subcommittee to appropriate sufficient funds to make the TRICARE medical program available for members of the National Guard and Reserve Component and their families prior to activation on a cost-sharing basis in order to ensure medical readiness and provide continuity of coverage to members of the Selected Reserve. In addition, to further ensure continuity of coverage for family members, the Coalition urges allowing activated Guard/Reserve members the option of having the Department of Defense pay their civilian insurance premiums during periods of activation.

CONCLUSION

The Military Coalition reiterates its profound gratitude for the extraordinary progress this subcommittee has made in funding a wide range of personnel and health care initiatives for all uniformed services personnel and their families and survivors. The Coalition is eager to work with the Subcommittee in pursuit of the goals outlined in our testimony.

Thank you very much for the opportunity to present the Coalition's views on these critically important topics.

Senator STEVENS. The next witness is William Hawley, Dr. Hawley, of the Board of Directors of the Public Policy Committee for Lymphoma Research.

STATEMENT OF WILLIAM HAWLEY, M.D., BOARD OF DIRECTORS, PUBLIC POLICY COMMITTEE, LYMPHOMA RESEARCH FOUNDATION

Dr. HAWLEY. Good morning, sir. Mr. Chairman and members of the subcommittee, it is my pleasure to appear before you today on behalf of the Lymphoma Research Foundation and a half-million Americans suffering from lymphoma. The Lymphoma Research Foundation is the Nation's largest lymphoma-focused voluntary health organization devoted exclusively to eradicating lymphoma and serving those touched with this disease. To date the foundation has funded more than \$9 million in lymphoma-specific research.

Most people do not even realize that lymphoma is a cancer, let alone that it is the most common blood cancer in Americans. As I mentioned, over half-a-million Americans suffer from lymphoma. This year yet another 61,000 of us will be diagnosed and 25,000 will lose their lives to this very misunderstood disease.

I say "us" because I am a survivor of non-Hodgkins lymphoma. Seven years ago I was the chief of cardiac surgery and department chairman at Integris Medical Center in Oklahoma when I was diagnosed with Flickler lymphoma, a low-grade indolent form of this incurable cancer. After over 30 years as a practicing surgeon, I was now a patient. It was a difficult adjustment, but I was determined to use my scientific background as a physician combined with my new role as a patient to help others suffering from this disease.

Thanks to research, I am here today, able to stand before you and speak up for all my fellow patients, for those who will be diagnosed in the future, and for those who were not as fortunate and lost their lives in the battle with lymphoma years ago. I have taken leave from my medical practice to devote myself entirely to advocacy for lymphoma patients and I think I am now the busiest unpaid physician in this country. My fundamental goal is to advocate for both improved treatment and new options for patients. I do a great deal of outreach to patients with lymphoma and have found sharing the story of personal involvement with the disease to be very rewarding.

As an advocate for my fellow patients, I am before you today to ask that you expand the congressionally-directed medical research program to include research on lymphoma, leukemia, and multiple myeloma. Specifically, I respectfully request that \$25 million be provided for blood cancer research efforts at the Department of Defense.

This subcommittee is to be commended for its leadership in funding special research programs, with a particular emphasis on cancer research. Over the past 2 years, this subcommittee funded a special \$10 million research initiative on chronic myelogenous leukemia (CML) to date. We urge you to continue this funding and expand the initiative to include all other types of blood cancer research.

Many of you are probably familiar with the development of Gleevec, originally developed as a treatment for chronic myelogenous leukemia, now approved for the treatment of a solid tumor gastrointestinal stromal tumor. Thanks to the investment in Gleevec, we now have a possible cure for CML today. A \$25 million investment would have the potential to enhance our understanding of blood cancers and contribute to the development of new treatments.

While the causes of blood cancers remain unknown, evidence suggests that exposure to environmental carcinogens, radiation, pesticides, herbicides, viruses, and bacteria may play a role. It is therefore possible that any of our troops exposed to chemical or biological weapons may be at increased risk of developing lymphoma or other types of blood cancer. We know the link of Agent Orange to non-Hodgkins and Hodgkins malignant lymphoma.

Advances in blood cancer research will also be of great benefit to those with other forms of cancer. Many chemotherapy agents used to treat solid tumors now were originally used to treat blood cancers. Lymphoma, for example, is often called the Rosetta Stone of cancer research because it has helped to unlock the mysteries of several other types of malignancy.

The concept of cancer staging to define disease severity and target appropriate therapy began in lymphoma. The strategy of combining chemotherapy and radiation was first used in lymphoma and then applied to other malignancies. These are just a few of the great benefits that blood cancer research can bring to millions suffering from cancer throughout our Nation.

On behalf of all the patients living with lymphoma or other blood cancers, the Lymphoma Research Foundation urges the subcommittee to include a blood cancer research initiative in the con-

gressionally-directed medical research program. As a physician, I can tell you that the time for investment is now and, with your help, research-developed new treatments and cures can be found. As a patient, I say, please act quickly because so many lives hang in the balance.

Thank you.

Senator STEVENS. Thank you very much, Doctor. I appreciate your courtesy.

Dr. HAWLEY. Thank you.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM HAWLEY

Mr. Chairman and Members of the Subcommittee, it is my pleasure to appear before you today on behalf of the Lymphoma Research Foundation (LRF), the nation's largest lymphoma-focused voluntary health organization devoted exclusively to funding research to cure all lymphomas and providing patients and healthcare professionals with critical information on the disease. LRF's mission is to eradicate lymphoma and serve those touched by the disease. To date, LRF has funded more than \$9 million in lymphoma research.

This is an exciting time for new approaches to research on lymphoma and other blood-related cancers and we are pleased to testify today to request that you expand the Congressionally Directed Medical Research Program to include research on these diseases. I am a physician and a survivor of non-Hodgkin's lymphoma (NHL), the most commonly diagnosed hematological cancer. I have taken a leave of absence from my medical practice, and during this time I am dedicating myself to advocacy for lymphoma patients. My fundamental goal is to advocate for both improved treatments and new options for patients currently living with the disease and those who may be diagnosed in the future.

This Subcommittee is to be commended for its leadership in funding several special research programs, with a particular emphasis on cancer research. We realize that, at the time these programs were initiated, they were a departure from the national defense programs generally funded by the subcommittee. Over time, they have become model research programs that complement the research efforts of the National Institutes of Health and that are hailed by patient advocates because they allow consumer input in the planning of the research portfolio.

The Lymphoma Research Foundation believes the current medical research efforts of the Department of Defense (DOD) are appropriate targets for funding, as they contribute to the national defense in critically important ways. We think that, at this time in our history, it is especially important that the DOD expand its research portfolio to support research into the blood cancers, including leukemia, lymphoma, and myeloma. I would like to provide some basic information about the blood cancers, as well as some compelling reasons for the expansion of the DOD research program to include blood cancer research.

The Blood Cancers

Each year, approximately 110,000 Americans are diagnosed with one of the blood cancers. More than 60,000 will die from these cancers in 2003, and 700,000 Americans are living with these cancers. Taken as a whole, the blood-related cancers are the 5th most common cancer, behind lung, breast, prostate, and colorectal cancer.

There have recently been some significant advances in the treatment of the blood cancers. In 2001, the targeted therapy called Gleevec was approved for treatment of chronic myelogenous leukemia, and now this drug is approved for use in gastrointestinal stromal tumor (GIST). In 2002, a new radioimmunotherapy was approved for patients with refractory NHL, and a new treatment for multiple myeloma is expected to be approved this year. These treatments represent progress in the fight against the blood cancers, but there is much work still to be done.

Although there are declines in the number of new cases and deaths associated with many forms of cancer, the trend is different for non-Hodgkin's lymphoma and multiple myeloma. The incidence of non-Hodgkin's lymphoma has nearly doubled since the 1970's, and the mortality rate from non-Hodgkin's lymphoma is increasing at a faster rate than other cancers. One can see that, despite scientific progress, there is much to be done to improve blood cancer treatments. We are pleased by any step forward, but our goal is still a cure of the blood cancers. We acknowledge that this is a scientifically difficult goal, but it must remain our objective.

The Link Between Blood Cancers and Military Service

The causes of the blood cancers remain unknown. With regard to Hodgkin's lymphoma and non-Hodgkin's lymphoma, immune system impairment and exposure to environmental carcinogens, pesticides, herbicides, viruses, and bacteria may play a role. The linkage between exposure to one particular herbicide—Agent Orange—and the blood cancers has been established by the Committee to Review the Health Effects in Vietnam Veterans of Exposure to Herbicides, a special committee of the Institute of Medicine (IOM). This panel was authorized by the Agent Orange Act of 1991 and has issued four reports on the health effects of Agent Orange. The committee has concluded that “there is sufficient evidence of an association between exposure to herbicides” and chronic lymphocytic leukemia (CLL), non-Hodgkin's lymphoma, and Hodgkin's lymphoma, and there is limited or suggestive evidence of an association between herbicide exposure and multiple myeloma.

The IOM panel does not have responsibility to make recommendations about Veterans Administration (VA) benefits, but the VA has in fact responded to these reports by guaranteeing the full range of VA benefits to Vietnam veterans who have the diseases that have been linked to herbicide exposure, including CLL, Hodgkin's lymphoma, and non-Hodgkin's lymphoma.

These benefits include access to VA health care. There are now, unfortunately, a number of Vietnam veterans who are receiving VA health care for treatment of CLL, non-Hodgkin's lymphoma, and Hodgkin's lymphoma, and DOD-sponsored research on these diseases has the potential to improve the survival and the quality of life for these veterans.

Potential Risks of Blood Cancers in the Future

We all acknowledge that we live in a very complicated age, where those in the military are at risk of exposure to chemical and biological agents. The evidence suggests that immune system impairment and exposure to environmental carcinogens, pesticides, herbicides, viruses, and bacteria may play a role in the development of Hodgkin's lymphoma and non-Hodgkin's lymphoma. It is therefore possible that, if our troops were exposed to chemical or biological weapons, they might be placed at increased risk of development of non-Hodgkin's lymphoma, Hodgkin's lymphoma, or one of the other blood cancers.

We strongly recommend that we invest now in research to understand the potential links between pesticides, herbicides, viruses, bacteria, and the blood cancers. The enhanced investment now may contribute to a deeper understanding of these possible linkages and to the development of strategies to protect those who suffer such exposures. A greater commitment to the research and development of new blood cancer therapies is also critically important if we anticipate that there may be more individuals, including those in the military, who will suffer from these cancers as a result of service-connected exposure.

The Current DOD Chronic Myelogenous Leukemia Program

In fiscal year 2002 and fiscal year 2003, the Subcommittee funded a research program at DOD that funds research on one particular kind of leukemia, called chronic myelogenous leukemia, or CML. This form of leukemia has been much in the news because of the development of Gleevec, a drug that has been hailed as a possible cure for the disease. We applaud the Subcommittee for its commitment to a program of CML research. We would recommend that this program, which has received total funding of slightly less than \$10 million over the last two years, be continued and that an initiative be launched that would fund all other types of blood cancer research.

We believe that an investment of \$25 million in a new Blood Cancer Research Program would have the potential to enhance our understanding of the blood cancers and their links to chemical, viral, and bacterial exposures and to contribute to develop of new treatments. There are several promising areas of therapeutic research on blood cancers, including research about ways to use the body's immune system to fight the blood cancers, research on the development of less toxic and more targeted therapies than traditional chemotherapy agents, and research that will allow physicians to diagnose the specific type and subtype of blood cancers.

The Impact of Blood Cancer Research on Other Cancers

An investment in blood cancer research will be beneficial to those diagnosed with these cancers, including members of the military. We also believe that advances in blood cancer research will be of benefit to those with other forms of cancer. Treatments for blood cancers are often also used in the treatment of solid tumors. For example, many chemotherapy agents that are now used in the treatment of a wide range of solid tumors were originally used in the treatment of blood cancers. The

concept of cancer staging to accurately define disease severity and target appropriate therapy began in lymphoma and is now used in all cancers. The strategy of combining chemotherapy with radiation therapy began in the treatment of Hodgkin's disease and is now widely used in the treatment of many solid tumors. Many recently developed therapeutic interventions, like monoclonal antibodies that target and disable antigens on the cell surface thought to be responsible for cell proliferation began in the blood cancers but hold promise for breast, prostate, ovarian, and other forms of cancer. Work on vaccines for lymphoma has been in the forefront of vaccine research. As you can see, research on the blood cancers has had many positive benefits for cancer research overall.

The Lymphoma Research Foundation urges the Subcommittee to consider the expansion of the Congressionally Directed Medical Research Program to include a Blood Cancer Research Initiative.

We appreciate the opportunity to present this proposal to you and would be pleased to answer your questions.

Senator STEVENS. We will now hear from Master Sergeant Retired Morgan Brown, Legislative Assistant for the Air Force Sergeants Association. Good morning, sir.

STATEMENT OF MASTER SERGEANT MORGAN D. BROWN, (RET.), LEGISLATIVE ASSISTANT, AIR FORCE SERGEANTS ASSOCIATION (AFSA)

Sergeant BROWN. Good morning, Mr. Chairman. On behalf of the 36,000 members of this association, I thank you for the opportunity to present the views of the enlisted men and women of the Air Force, Air National Guard, and Air Force Reserve. In my written testimony I provided a variety of issues, but since my time here is very brief I am going to restrict my comments just to the military survivor benefit program.

Senator STEVENS. We do ask the staff to go over completely these statements and your full statements are all being placed in the record.

Sergeant BROWN. Thank you, sir.

Like our predecessor or previous veteran service organizations, we also strongly hope that the offset presently in place in the military survivor benefit plan is eliminated in this session of Congress. However, there are a couple other problems with the program. For instance, the DOD actuaries confirm that the 40 percent government subsidy intended by Congress has declined to a paltry 16.4 percent. That means retirees are now paying 24 percent more than you intended.

I should point out that the DOD also continues to stress the government subsidy as an enticement to get retirees to sign up for this coverage. Clearly, this benefit has become more beneficial and less costly to the Government and more costly and less beneficial to the retirees and survivors that this program was created to protect.

Legislation has already been introduced to correct the offset and we are hopeful that you will support your colleagues in implementing this change and providing the necessary funding for this important survivor program.

We are also working to have the paid-up SBP provision start as soon as possible. Authorized by Public Law 105-261 and set to begin on October 1, this provision allows retirees who have paid into SBP for at least 30 years and have reached 70 years of age to stop making payments and still have their spouses covered. As a practical matter, any SBP enrollee who retired on or after October 1, 1978 would enjoy the full benefit of the paid-up provision.

However, members who enrolled in SBP when it first became available in 1972 will have to continue paying premiums for up to 36 years to secure paid-up coverage if they survive that long. Acceleration of the SBP provision is needed to simply ensure some measure of fairness for these individuals.

In closing, AFSA requests that the subcommittee appropriate the necessary funds to make these changes to the military SBP program a reality. Mr. Chairman, that is all I will cover today and I want to thank you for this opportunity to present what we believe should be among this committee's funding priorities for fiscal year 2004.

Senator STEVENS. I appreciate your courtesy. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF MORGAN D. BROWN

Mr. Chairman and distinguished committee members, on behalf of the 136,000 members of the Air Force Sergeants Association, thank you for this opportunity to offer our views on the military personnel programs that affect those serving our nation. AFSA represents active duty, Guard, Reserve, retired, and veteran enlisted Air Force members and their families. Your continuing effort toward improving the quality of their lives has made a real difference for those who devote their lives to service, and our members are grateful.

Although military members do not serve their nation to gain wealth, we do owe them a decent standard of living. This is even more important today because America's is an all-volunteer force, and because this nation increasingly tasks military members and often separates them (for greater lengths of time) from their families. This testimony covers several issues in the areas of Military Pay and Compensation, Education, Health Care, Military Shipment, Guard and Reserve, and Retiree/Survivor Programs. We simply ask this committee seriously consider providing the necessary funding for these important programs.

MILITARY PAY AND COMPENSATION

Continue Enlisted Pay Reform.—We applaud your efforts in recent years to ensure that all military members get the minimum annual pay raise in accordance with congressional intent by formula (Employment Cost Index [ECI] plus one-half percent). AFSA supports further raises and targeting. However, we caution the committee on the perception among the force that might be created if the lowest ranking enlisted members receive below the congressional formula—so that dollars can be transferred to the higher ranking members. We support higher NCO pay raises, but believe that if a “rob Peter to pay Paul” approach is to be used, it should not be by taking pay away from the lowest ranking military members.

Resist Efforts to Change the Military Pay Formula.—This committee was instrumental in protecting the troops by tying military pay growth to the growth of wages in the private sector (by focusing on the ECI). Recent Administration suggestions to tie future annual military pay raises to the Consumer Price Index (CPI) alarm military members with the prospect of significantly lower annual pay adjustments. AFSA urges this committee to resist Administration efforts to lower military pay raises by abandoning the current formula.

Reform the Basic Allowance for Housing (BAH).—There is room for significant correction and improvement in the methodology used to determine BAH. Enlisted members most significantly feel the brunt of these problems. Currently, the only enlisted members whose BAH square-footage/dollar amounts are based on stand-alone dwellings are E-9s. The BAH amount for all enlisted grades below E-9 is based on apartments and townhouses.

Provide those stationed in Korea the same tax advantages and special pays afforded to those stationed in “hostile” areas.—With the challenges and austere conditions servicemembers face in Korea, the daily threat from North Korea, and the risks inherent in the geopolitical situation relative to the Korean peninsula, it is only fair to provide equitable tax and pay for these members who, in a real sense, are serving on the tip of the sword. We urge this committee to take action on this now in recognition of those stationed in Korea.

Reduce the threshold of eligibility for CONUS COLA from its current level of 108 percent of the national median.—Several large city areas (such as Washington, D.C.) do not receive CONUS COLA. We urge this committee to take another look at which municipalities receive CONUS COLA.

Provide Guard and Reserve members equity in Career Enlisted Flier Incentive Pay (CEFIP).—It is unfair that members of the Guard and Reserve receive a fractioned CEFIP (based on a 1/30 formula for each day flying). CEFIP recognizes the extraordinary challenges and risks associated with military flight. As such, Guard and Reserve fliers should be paid on the same “whole month” basis as other military fliers.

Establish a standard, minimum re-enlistment bonus for all re-enlistments.—Air Force enlisted members tell us that there ought to be a minimum re-enlistment bonus. Selective re-enlistment bonuses are paid to those with between 21 months and 14 years of service. Those who re-enlist after the 14-year point receive no re-enlistment bonus. Remember, an enlisted member can serve as long as 30 years. Because we want to keep leaders in critical skills and they must lead those who are receiving these, sometimes lucrative, bonuses, it would help morale to provide some type of re-enlistment bonus to all who re-enlist.

Pay Hazardous Duty Incentive Pay (HDIP) to military firefighters.—Regardless of service, there is no military job inherently more hazardous than firefighters. Civilian firefighters who serve side-by-side with military firefighters already have this risk factored into their federal civilian wage scale. Military firefighters get no such additional compensation to recognize their extraordinary risk. At a cost of about \$9 million per year to cover the military firefighters (those whose AFSA, MOS, or NEC is primarily as a firefighter) for all services, this would be an equitable, relatively inexpensive addition to those entitled to receive HDIP.

EDUCATION BENEFITS

Provide an enrollment opportunity for those who turned down the Veterans Educational Assistance Program (VEAP) to enroll in the Montgomery G.I. Bill.—Over 100,000 currently serving military members (35,000 in the Air Force alone) turned down the VEAP program when it was offered to them. VEAP was a relatively poor, insufficient, poorly counseled educational program which preceded the Montgomery G.I. Bill (MGIB). In contrast, the MGIB is a much more realistic, more-beneficial program that would help these members in their transition back into civilian life after their time in the military. Unfortunately, many of those who turned down the VEAP program are now leaving service with no transitional education program. The CBO has set the worst-case cost for this offering at \$143 million over a five-year period. We believe that these members, many of whom brought us through conflicts including the Wars in Iraq, Somalia, Bosnia, Kosovo, worldwide peacekeeping missions, conflicts not publically reported, and the worldwide war on terrorism deserve an opportunity to enroll in the MGIB.

Increase the value of the MGIB to cover the costs of tuition, books, and fees at an average 4-year college or university.—Despite the extremely commendable, recent increases in the MGIB which will bring the value up to \$985 per month for 36 months by October 1 of this year, more needs to be done. If this nation is going to have a program that sincerely intends to satisfy the purpose of the program, it certainly should mirror civilian industry by providing a comprehensive educational program and not an insufficient one. According to the “College Report,” an annual evaluative report published by the education “industry,” average monthly educational costs are approximately \$1,400 at this time. This figure reflects the cost of books, tuition, and fees at the average college or university for a commuter student. Of course, that average cost will increase in the future due to inflation. We ask that you fully fund the already-authorized increase, but look toward further increases in the program. Payment for full books, tuition, and fees for a four-year degree with annual indexing to maintain the value of the benefit, at least, ought to be provided for those who make the military a career.

Ensure that all MGIB enrollees have the same program with the same benefits.—Due to changes and additions to the law, only some MGIB enrollees may transfer a portion of their benefit to family members. Similarly, only some MGIB enrollees may pay more into the program to increase the value of their program. We urge this committee to exert its influence to standardize the MGIB so that this becomes an equal opportunity benefit.

Allow members to enroll in the MGIB at any time during their first enlistment.—Regrettably, military members are given only one opportunity to enroll in the MGIB. That opportunity occurs very quickly during Basic Military Training when most would least appreciate the opportunity and can least afford it. Additionally, they must “pay” to have this educational benefit; to enroll in the MGIB they must

agree to give up \$100 per month for the first 12 months of their career. Many military members are surprised by this \$1,200 fee and view it as an insincere military benefit offering because of the one-time irrevocable decision—when they are least prepared to take advantage of it. As long as the \$1,200 payroll reduction for each MGIB enrollee is part of the program, we should provide young military members an opportunity to enroll at any time during their first enlistment.

Provide military members and their families in-state tuition rates at federally supported state universities.—Military members are moved to stations around the world at the pleasure of the government. Yet, they are treated as visitors wherever they go. Fairness would dictate that, for the purposes of the cost of higher education, they be treated as residents so that they can have in-state rates at federally supported colleges and universities in the state where they are assigned. We would ask this committee to exert the necessary influence to require federally supported institution to consider military members assigned in their state as “residents,” for the purposes of tuition levels.

Ensure full Impact Aid funding.—We ask this committee to closely scrutinize the funding levels for Impact Aid as presented in the Administration’s fiscal year 2004 Budget Plan which has submitted levels that underfund needed Impact Aid by approximately \$127 million. This is a nine percent reduction from fiscal year 2002 levels. 15 million students in 1,331 school districts nationwide benefit from this program. Funding is used for a variety of expenses, including teacher salaries, text books, computers, after-school programs, tutoring, advanced placement classes, and special enrichment programs. This money is to compensate local school districts for the impact of military bases in their communities. Local schools primarily are funded through property taxes. However, those who reside on a military reservation do not pay into the property tax base. This becomes a burden on local schools if military dependent children attend local, off-base schools. We ask this committee to ensure that sufficient Impact Aid is provided so that the children of military members are not put at risk, or that the military member be required to pay tuition.

HEALTH CARE

Improve the dependant and retiree dental plans.—We often hear that the dependent dental insurance plan is a very, poor one. Additionally, retirees complain that the retiree dental plan is overpriced, provides inadequate coverage, and is not worth the investment. This is important because military retirees were led to believe they would have free/low cost, comprehensive, lifetime military dental care. We urge this committee to appropriate additional funding to improve the quality and adequacy of these two essential dental plans.

Increase provider reimbursement rates to ensure quality providers in the TRICARE system.—Perhaps the greatest challenge this committee faces toward keeping the military health care system viable is retaining health care providers in the TRICARE networks. This challenge goes hand-in-hand with that which is faced by Medicare. If we do not allow doctors to charge a fair price for services performed, they will not want to participate in our program. If they do not participate, the program will fail. We urge this committee to consider increasing the CHAMPUS Maximum Allowable Charge to higher levels to ensure quality providers stay in the system.

Provide for a waiver of the Medicare Part B late enrollment penalty to facilitate TRICARE For Life participation.—When Congress wisely created the TRICARE for Life (TFL) program, it significantly enhanced the quality of the lives of thousands upon thousands of military retirees, families, and survivors. It, in effect, eliminated the need for Medicare-eligible military retirees, family members, and survivors, to carry a Medicare supplement policy. One requirement for participation in TFL is that the member be enrolled in Medicare Part B. While the basic Part B enrollment cost is not onerous, many military retirees residing near bases declined Part B (some for many years). In order for these retirees, family members, and survivors who did not enroll in Part B when they were first eligible to participate in TFL, they must pay a substantial penalty in order to enroll in Part B. We urge this committee for a one-time enrollment period where those eligible for TFL who are not enrolled in Medicare Part B may do so without penalty.

Upgrade the dental benefit programs for active duty, Guard, and Reserve members, retirees, and their families, especially in localities where inadequate facilities and/or insufficient providers are available.—While this committee has no control over the number of providers in a particular locality, it can enhance the programs to promote participation. This can be done by ensuring that providers are treated fairly in terms of reimbursement for the care they provide and by getting military bene-

ficiaries to (i.e., providing travel reimbursement to) caregiver locations when dental care (especially specialized care) is needed.

Make all TRICARE enrollment fees and co-payments, TRICARE For Life Medicare Part B payments, and military dental plan enrollment fees and premium payments tax exempt (pre-tax dollars).—In those cases where the military member, retiree, family member, or survivor has to pay co-payments for medical care, the exemption of the amount they must pay would be a great benefit enhancement. This would be particularly true for those who are older and on fixed incomes.

Provide Guard and Reserve members and their families with a comprehensive TRICARE benefit.—This is critical to ensure the deployability of the member, and it is important that his/her family is protected when the military member is away from home serving his/her nation. We owe these patriots a comprehensive program.

GUARD AND RESERVE ISSUES

Provide full payment of lodging costs to a lodging facility for the duration of a mobilization order when a Guardsman or Reservist is called to active duty by section 12301, 12302, or 12304 of Title 10.—This adjustment is needed because the payment of lodging per diem is not authorized for members on Temporary Duty (TDY) during periods of leave or a return to the Place from Which Called (or Ordered) to Active Duty (PLEAD). When per diem is not paid, the reservist who departs the area, however briefly, has to check out of lodging or pay lodging expenses out-of-pocket. For example, we are penalizing them if they want to briefly return home to address the concerns of the families from which they have been separated by the mobilization. This has an extremely negative financial impact, particularly for lower-ranking members. It also could have an impact on the retention of mobilized members following demobilization. Additionally, it is extremely disruptive to lodging facility contractors with the members' constantly checking in and out of quarters; this can cause financial problems for the facility managers who have an expectation of continuous occupancy for a finite period of time. Of special significance to this committee, there would be no/negligible cost to implementing this suggestion since all mobilization expenses are budgeted and set aside for the duration of mobilization orders.

Reduce the earliest retirement age (with full annuity) for Guard and Reserve members from 60 to 55.—These members are the only federal retirees who have to wait until age 60 to enjoy retirement benefits. These citizens who fight for our nation deserve to have a better retirement program. Lowering the retirement age would more adequately reward their service, and provide for upward mobility in the force (ANG and Reserve members are primarily promoted by vacancy). Keep in mind that reserve retirement is significantly lower than that provided to active duty members. Reservists accumulate points based on their service and training. They must accumulate sufficient points in a given year for it to be a "good year." They must achieve twenty (20) "good years" to qualify for retirement. The amount of their retired pay is based on the total points they have accumulated. AFSA believes that these members ought to be able to retire upon completion of their "good years" requirements. However, considering funding limitations, the least, fair thing that should be done is to provide them federal retirement equity by letting them retire as soon as age 55. We urge this committee to do so. Since DOD has conducted and contracted studies of reserve compensation in recent years, we believe there is little to be gained by the DOD study mandated in the fiscal year 2003 NDAA other than to delay serious consideration of the issue. We urge this committee to support the provisions in H.R. 742 and its pending Senate companion legislation. Introduced last year as S. 2250 by Sen. Jon Corzine, D-NJ, his staff tells us that he will soon reintroduce the measure.

Reduce out-of-pocket expenses of those who serve.—We ask this committee to restore full tax-deductibility of non-reimbursed expenses related to military training and service for Guard and Reserve members. The cost of military service for a Guardsman or Reservist should not be financial.

Enhance Air Reserve Technician (ART) retirement eligibility.—ARTs are both military members and civil servants. These unique patriot/citizens need unique retirement criteria recognizing their singular contribution to our military's success. We urge this committee to provide the funding that would allow Air Reserve Technicians eligible for an unreduced retirement at age 50 with 20 years of service, or at any age with 25 years of service, if involuntarily separated.

Provide full Basic Allowance for Housing (BAH) to TDY Guard and Reserve members, and those activated (even if less than for 139 days).—Guardsmen and Reservists are generally removed from their civilian employment when "called up." Once deployed, their need to protect their family does not go away. Nor does their obliga-

tion to make their full house payments. This committee can greatly assist these military members by ensuring that they can continue to provide homes for their families through the provision of full BAH.

Eliminate the Commissary Privilege Card (CPC) requirement and provide full, year-round commissary benefits for Guard and Reserve members.—At the present time, members of the Guard and Reserve are limited to 24 visits per year in military commissaries. Allowing full, year-round access is a benefit long overdue. The CPC (a card to track commissary visits) costs millions of dollars to administer each year. These military members are critical members of this military nation's team; it is time to treat them as such. We urge all members of Congress to provide them full, year-round commissary benefits.

Expand the Soldiers and Sailors' Civil Relief Act (SSCRA) to fully protect Guard and Reserve members who are activated.—Since members of the Guard and Reserve are increasingly activated and sent away from their primary civilian occupation and their home, they must be adequately protected. Please expedite the protection of the rights of Guardsmen and Reservists by their full inclusion in the SSCRA.

MILITARY SHIPMENT PROGRAMS

Improve the quality of the DOD household goods shipment program.—The Military Traffic Management Command developed a test program that was extremely successful. It protected the military member's goods, held carriers more accountable, and had extremely high satisfaction levels among military members. With that test project complete and time passing without DOD implementation of an enhanced household goods shipment program, it is time for Congress to act. Military members should not be faced with having their goods destroyed, lost, or stolen without adequate safeguards and/or compensation.

Increase the household goods weight allowance for professional books, papers, and/or equipment to accommodate employment support for military spouses.—Currently, only the military member is entitled to an additional shipment weight allowance for professional books, papers, and/or equipment. In recent NDAA's DOD has been tasked by Congress to come up with ways to provide military spouses with education, training, and employment assistance. Providing spouses some consideration by giving them a shipment allowance to support their employment would be a good step forward. For example, a dependent spouse (of a military member who is being reassigned) who maintains supplies to support a job as a government-certified family in-home day care provider, should not have to sell, discard, or give away his/her supplies. Most likely they will perform the same job at the next assignment. Similarly, a spouse who is a message therapist, hairstylist, lawyer, etc., ought to be given a shipment weight allowance to make them more employable at the next military assignment location. This would be in keeping with the congressional mandate to help spouses in their employment efforts.

Provide all military members being assigned to OCONUS locations the option of government-funded POV shipment or storage.—Currently, DOD will only store a POV for a member if DOD reassigns that member to a location where DOD will not ship the member's POV. AFSA believes that this shipment option should be extended to all members being stationed anywhere outside of the continental United States (CONUS). We believe that a significant part of such storage cost would be offset by DOD not having to ship the vehicle.

RETIREMENT/SURVIVORS

Allow military members who are also receiving VA disability compensation to fully collect their military retired pay.—AFSA believes this is the right thing to do. Every member of this committee is aware of the arguments on this issue, so we will not restate them here.

Uniformed Services Former Spouses Protection Act (USFSPA) Reform (Public Law 97-252).—The members of this association strongly urge this committee to conduct hearings on needed USFSPA changes, both to gather all inputs needed for appropriate corrective legislation and to guard against inadvertently exacerbating current inequities via well-intended, piecemeal legislative action initiated outside of this committee. A military member must serve 20 years to earn a lifetime retirement annuity. However, under the USFSPA, any and all former spouses of a military members have claim to a portion of the military member's eventual retirement pay. Such a former spouse could have been married to the military member only for a relatively short period of time; yet he/she will have a lifetime annuity if the military member goes on to retire. Our members have clearly communicated that this anachronistic statute, specifically targeted at military members, is not needed to protect former spouses. Provisions in law that apply to all other U.S. citizens should apply

to the former spouses of military members. In that sense, full repeal of the USFSPA would be the fair thing to do.

Reduce or Eliminate the Age-62 SBP Reduction.—Before age 62, SBP survivors receive an annuity equal to 55 percent of the retiree's SBP-covered retirement pay. At age 62, however, the annuity is reduced to a lower percentage, down to a floor of 35 percent. For many older retirees, the amount of the reduction is related to the amount of the survivor's Social Security benefit that is potentially attributable to the retiree's military service. For member who attained retirement eligibility after 1985, the post-62 benefit is a flat 35 percent of covered retired pay. Although this age-62 reduction was part of the initial SBP statute, large number of members who retired in the 1970s (or who retired earlier but enrolled in the initial SBP open season) were not informed of the reduction at the time they enrolled. As such, many still are very bitter about what they view as the government changing the rules on them mid stream. Thousands of retirees signed up for the program believing that they were ensuring their spouses would receive 55 percent of their retired pay for life. They are "stunned" to find out that the survivor reduction attributed to the retiree's Social Security-covered military earning applies even to widows whose Social Security benefit is based on their own work history. Additionally, the DOD actuary has confirmed that the 40-percent government subsidy for the SBP program, which has been cited for more than two decades as an enticement for retirees to elect SBP coverage, has declined to less than 17 percent! Clearly, this benefit has become more beneficial and less costly for the government, and more costly and less beneficial for the retirees and survivors the program was created to protect. We urge you to step in and correct some of these inequities.

Accelerate the SBP provision so that enrollees aged 70 who have paid into the SBP for at least 30 years be considered "paid-up".—The paid-up SBP initiative enacted in 1998 set an implementation date of 2008. We urge this committee to change that implementation date to "this year." As a practical matter, any SBP enrollee who retired on or after October 1, 1978, would enjoy the full benefit of the paid up provision. However, members who enrolled in SBP when it first became available in 1972 will have to continue paying premiums for up to 36 years to secure paid-up coverage—if they survive that long.

In conclusion, Mr. Chairman, we thank you for this opportunity to present the views of the Air Force enlisted community. As you work toward your appropriations decisions, the Air Force Sergeants Association and its 136,000 members urge you to ensure sufficient funding to provide for the integrity of the entire DOD. Now, more than ever, this funding and this nation's commitment to the members of our Armed Forces should ensure, without delay, the full benefits, entitlements and medical treatment that they have so rightfully earned. On behalf of all AFSA members, we appreciate your efforts and, as always, are ready to support you in matters of mutual concern.

Senator STEVENS. Our next witness is Dr. Steve Elliot Koonin, Provost at CAL Tech—oh, pardon me. I missed Joyce Raezer, Director, Government Relations, National Military Family Association.

STATEMENT OF JOYCE WESSEL RAEZER, DIRECTOR, GOVERNMENT RELATIONS, NATIONAL MILITARY FAMILY ASSOCIATION

Ms. RAEZER. Thank you, Mr. Chairman.

The National Military Family Association (NMFA) endorses the testimony of the Military Coalition. Our statement expands on a few issues of special importance to active duty military families and their Guard and Reserve counterparts.

We thank this subcommittee and Congress for providing the pay and benefit improvements necessary to retain the quality of force that is protecting our homeland and waging war against terror. NMFA is especially appreciative for the \$150 increase in monthly family separation pay included in the fiscal year supplemental, 2003 supplemental appropriations. When the service member is away from home on military orders, the family endures both emotional and financial costs. We encourage you to continue funding this high level in family separation pay in fiscal year 2004 for all

service members on orders away from their families. Whether a service member is deployed to Iraq, on a ship in the Pacific, or on an unaccompanied tour in Korea, to the family away is away.

Although many headlines and news programs now feature service members coming home, we must not forget that many service members still are deployed in far-flung locations around the world. Others are working long hours at their home station to support their deployed colleagues. Others are just now leaving for deployments of indeterminate length.

I visited a community in Germany just last week where almost all of the 950 service members in that community had only just left for the Gulf the week before. They need to know their families will have the support services they need, especially when those families are so far from home themselves.

As they deal simultaneously with new deployments, continued long-term employments, and the return of many of the units who were engaged in the fighting in Iraq, military families and their support programs will be taxed as never before. Because family readiness is linked to mission readiness, the costs of ensuring family readiness prior to deployment, during deployment, and in that critical period following the deployment must be factored into the costs of the mission. Adequate funding and staffing of family support is necessary to ensure a smooth reentry into home and community for the returning service members, even as program staff also must continue to assist with ongoing deployment issues and the normal routine of military life.

Programs provided by military chaplains, the new parent support program, mental health programs, and support for family readiness groups are essential during deployments and will be just as vital in easing service members' return and reunion. Mission costs must also include the resources needed to help our Guard and Reserve members and their families adjust to the service members' transition back to civilian life, especially when no military installation support services are available.

NMFA also asks that you help to ensure that military children's schools have the funding they need to provide a quality education in a safe environment, as well as the extra help military children need in dealing with the deployment of a parent to a dangerous location. DOD schools must be sufficiently funded to perform their mission of educating military children to the highest standards found in stateside civilian school districts.

NMFA also requests that you not only continue, but increase, the DOD funding to supplement impact aid for civilian schools educating military children. For families with school-aged children, the schools are on the front line of family support during times of high operations tempo and deployment stress. The military has made significant progress in partnering with school districts to improve the education of military children and to support both the schools and children during deployments. Please help to ensure that the schools have the resources they need to fulfil their obligation to all children in their charge.

Service members look to the Nation to understand that their families often drive retention decisions. The families' quality of life is a readiness requirement. Quality of life is not just about pay. It

is about having a safe, well-maintained place to live. It is about access to quality health care without bureaucratic complexities. It is about a quality education for their children. It is about meeting the aspirations of a spouse for a career and a couple for a secure retirement. It is respect for a job well done.

Senator STEVENS. I must say thank you. I have got 2 minutes to make my vote. Thank you very much.

Ms. RAEZER. You are welcome.

[The statement follows:]

PREPARED STATEMENT OF JOYCE WESSEL RAEZER

Mister Chairman and Distinguished Members of this Subcommittee, the National Military Family Association (NMFA) is, as always, appreciative of the enhancements in quality of life that you have provided for uniformed service families. We are particularly grateful for the increase in Family Separation pay included in the Supplemental. We anticipate permanent authority for the increase and strongly request adequate funding for fiscal year 2004.

NMFA endorses the provisions included in the testimony provided by The Military Coalition, of which we are a member. In this statement we expand on that testimony with specific emphasis on the needs of families.

Family Readiness

Since 9/11 active duty members and their National Guard and Reserve peers have engaged in numerous duty assignments from homeland security to armed conflict. At the same time, members have continued to serve in various far-flung areas of the globe. The main message is, that they are gone! Separations produce economic strain, psychological strain and high levels of stress in the family. The lifeline of the military family, the military community, is also feeling the strain. Family services are important to an installation not pressured by high Perstempo or conflict-related deployments. They are a critical necessity when families are left behind. Family center personnel, military chaplains, installation mental health professions and Morale, Welfare and Recreation programs all provide needed assistance to families. When spouses find themselves as the sole head of the family and as the single parent, the services available to assist them and their children with these challenges are truly lifelines. E-mail, video teleconferencing centers, and special family activities ease the strains and pains of separation. But none of these services are without cost. Just as the deployed servicemember's readiness is dependent on proper training, food, shelter, clothing and weapons systems, the readiness of the family is dependent on accessing needed services. Both must be adequately funded to assure a force ready to successfully carry out its assigned mission.

NMFA applauds the Office of Military Community and Family Policy in the Office of the Secretary of Defense (OSD) for its creation of a Joint Family Support Contingency Working Group to promote better information-sharing and planning among OSD and the military Service headquarters family support staff, including the Reserve Components. NMFA appreciates the invitation to participate in this working group, an innovative concept that grew out of the successful collaboration in the operation of the Pentagon family assistance center after the attack on the Pentagon. The working group recognized that most military families live off-base and is encouraging new ways of helping families that are not all centered on the installation. NMFA has long promoted additional outreach into the civilian community by installation personnel so that family members unable to get to an installation can still receive needed assistance. The possibility of further incidents, which could again restrict access to installations, makes this outreach even more imperative.

One new vehicle for communicating with family members and helping them access assistance when needed, wherever they are located, is being tested by the Marine Corps Community Services (MCCS). The new program, "MCCS One Source," provides 24 hours a day, 7 days a week, telephone and online family information and referral, situational assistance, and links to military and community resources. Since February 1, this service has been available to active duty and Reserve Marines and their family members. The Army has also made this service available to soldiers and families at select installations. Employee Assistance Programs such as "One Source," provide an accessible source of information for servicemembers and families and, if properly coordinated with other support services, should allow Service family support professionals to devote more time and attention to supporting unit volunteers and to assisting families with more complex problems.

A program offered by Army Chaplains, "Building Strong and Ready Families" is targeted at improving relationship skills and assisting initial-entry soldiers and their families with making the transition into the military culture. NMFA is very grateful that a clarification on the use of appropriated funds to pay the expenses of soldiers and their families to participate in these command-sponsored, chaplain-lead training opportunities was included in the fiscal year 2003 Defense Appropriations Act and requests, that if permanent authority has not been granted, such clarification of the use of appropriated funds be included again in this year's Act.

One very necessary improvement needed in the family support arena is closer collaboration between all the various helping individuals and agencies who assist in the development and maintenance of strong emotional and mental health in both individuals and families of the military community. As was seen in the Fort Bragg, North Carolina, domestic violence cases during the summer of 2002, not all military family members or servicemembers make use of the counseling and support services available to them. While the TRICARE mental health benefits are rich by the standards of many other plans, the program does not have a preventive care component. For TRICARE to pay for services, there must be a medical diagnosis, thus discouraging many family members from seeking care. Many members and their families also believe that seeking counseling services through military programs may harm their careers or that these services are only intended for families identified as having problems. The authors of the Fort Bragg Epidemiological Consultation Report who examined the domestic violence incidents, noted that the various agencies that could provide support to the service members and families do not often coordinate their activities. NMFA strongly believes that better coordination and communication among all installation "helping agencies" as well as with those in the civilian community is imperative to help families deal with stress and promote better mental health. NMFA also believes that TRICARE must cover preventive mental health services just as it covers medical preventive services such as well-baby checks, immunizations, PAP smears and mammograms. An emphasis on emotional health rather than treatment may also make beneficiaries more likely to seek appropriate services in a timely manner.

A significant element of family readiness is an educational system that provides a quality education to military children, recognizes the needs of these ever moving students and responds to situations where the military parent is deployed and/or in an armed conflict. Since approximately 80 percent of military children attend civilian public schools, the DOD Impact Aid supplement is vital to both these children and the school systems that educate them. No less than the stay at home spouse, children are affected by the absence of a parent and experience even higher levels of stress when their military parent is in a war zone shown constantly on television. Addressing the needs of these children and their classmates is imperative to lowering the overall family stress level, and to achieving an appropriate level of family readiness. But it does not come without cost to the local school system.

This Subcommittee has consistently supported the needs of the schools operated by the DOD Education Activity (DODEA). These schools are located on military installations in the United States and in overseas locations. The commitment of this Subcommittee to the education of these military children has resulted in higher test scores, minority student achievement, parent involvement programs and partnership activities with the military community. It is significant to note that the Commander of USAREUR states that over half of the military members assigned to USAREUR are deployed away from their permanent duty sites. Imagine the challenges facing a school system in a foreign country where half of the student body has an absent parent! Your continued commitment to and support of these schools is strongly requested.

Military child care is another important element in family readiness. Sergeant Major of the Army Jack Tilley noted that during 2002, twenty-seven percent of enlisted soldier parents reported lost duty time due to a lack of child care. Deployments increase the need for child care. Families, where the parents were previously able to manage their work schedules to cover the care of their children, must now seek outside child care as one parent deploys. Guard and Reserve families most often do not live close enough to a military installation to take advantage of either the Child Development Center or Family Day Care homes. Since 2000, DOD has had the authority to increase the availability of child care and youth programs through partnerships with civilian agencies and other organizations. The Services set up pilot programs to take advantage of this authority and obtain more care for children off the installations; however, less than 10 percent of DOD child care is provided off-base. NMFA is concerned that current funding levels for the Military Child Development System may not be adequate to meet both the routine demands for child care and to meet the increased need due to deployments. We request addi-

tional funds to ensure the provision of the high quality child care servicemembers and their families need.

Finally, the ability of a military spouse to be employed and to have career progression affects both the family's finances and the self-sufficiency of the spouse when the member deploys. Studies after the Persian Gulf War showed that spouses who were employed handled the stressors of the deployment better than those who were not employed. NMFA anxiously awaits the DOD report on the status of its spouse employment programs requested by Congress in the fiscal year 2002 NDAA. While we do not expect DOD to create a jobs program for every military spouse, it does need to facilitate the transition of mobile military spouses into already existing opportunities and to target efforts where spouses are having the greatest difficulty accessing educational programs or employment. Sixty-three percent of military spouses are in the labor force. Eighty-seven percent of junior enlisted spouses (E-1 to E-5) are in the labor force. Very obviously, the financial health of the military family is significantly dependent upon the employment of the spouse. Family financial health is without question a family readiness issue.

NMFA applauds the various initiatives to meet the needs of families wherever they live and whenever they need them and requests adequate funding to ensure continuation of current programs and implementation of new ones. However, we are also very aware that the "bedrock" family support programs must not be shunted aside in order to fund only the new initiatives. Since there appears little chance that the increase in family separations will come to an end, the higher stress levels caused by such separations require a higher level of community support.

National Guard and Reserve Families

As of May 6th, 224,528 National Guard and Reserve members were on active duty. While many of the challenges faced by their families are similar to those of active component families, they must face them with a less-concentrated and mature support network and, in many cases, without prior experience with military life. Unlike active duty units located on one installation with families in close proximity, reserve component families are often miles from the servicemember's unit. Therefore, unless they pay for their own travel expenses, families are often unable to attend unit pre-deployment briefings. NMFA constantly hears the frustrations family members experience when trying to access information and understand their benefits. The lack of accurate benefit information and unrelenting communication difficulties are common themes among Guard and Reserve families.

DOD has developed several key initiatives that address the needs of Guard and Reserve families. NMFA applauds this effort, but there is still much to be done. For example, the OSD Reserve Affairs office maintains an excellent website. Its Family Readiness Toolkit and Deployment Guide provide practical information; however, many families report it is difficult to use. Guard and Reserve families ask for standardized materials that are appropriate to all services, so that if an Army Reserve family happens to live close to a Navy installation they would understand how to access services there. The establishment of a joint Family Readiness program would facilitate the understanding and sharing of information between all military family members.

NMFA thanks the state family readiness coordinators and unit volunteers for helping to provide family members with basic information. Unfortunately, some units do not have adequate programs because of the lack of volunteers and paid family readiness coordinators, whose sole job is to support the family. Additional family readiness staffing and support for unit level volunteers could ensure information is forwarded to families who are unable to attend unit briefings. Guard and Reserve unit volunteers, even more than many of their active duty counterparts, are stressed because of the numbers of families they must assist and the demands placed upon them. At a minimum, NMFA requests funding for child care to enable these dedicated volunteers to more efficiently perform their expected tasks. Funding to enable families to attend pre-deployment briefings would help strengthen the ties between the units and the families and the families with each other and assist in assuring that accurate information is provided directly to the family members.

In addition to being geographically separated from the servicemember's unit, families are often geographically separated from each other. NMFA suggests that DOD also strengthen and perhaps formalize partnerships with national organizations such as the American Red Cross and U.S. Chamber of Commerce to enlist their assistance through their local chapters in setting up community-based support groups for military family members. The groups could include not only spouses and significant others of all deployed members, no matter what unit or Service the member is attached to, but also the parents of servicemembers. Involving local community leaders in setting up these support groups would address two of the most common

concerns expressed by some of these isolated families: the feeling that they are the only families in town going through the strain of deployment, and the sentiment that people not associated with the military do not appreciate their sacrifices.

Through our contact with Guard and Reserve families and family support personnel over the past year, NMFA has heard wonderful stories of individual states, units and families caring for and supporting each other. NMFA is aware of leadership involvement at all levels to help ease the challenges faced by servicemembers and families. NMFA is especially proud of the efforts of The National Committee for Employer Support of the Guard and Reserve (ESGR) as an advocate for the reserve component member facing employment issues. ESGR is encouraging employers to set up their own family support programs and provides information to employers and to their employees about the legal rights of reserve component members. By providing this information in the workplace, ESGR is helping civilian communities gain a better understanding of the valuable role the Guard and Reserve play in the defense of our nation.

Compensation issues continue to be of paramount concern among Guard and Reserve families. Many members have taken a significant pay cut upon activation. Families who initially financially prepared for a six month activation now are faced with the devastating monetary consequences of a one or two year loss in income. Some small business owners and single practice professionals are facing the loss of their businesses. NMFA is aware of the disaster the previous income replacement program created, but believes that attention must be directed to these problems or retention of these individuals may become extremely problematic. In addition, some Guard and Reserve members experienced problems with pay processing upon activation. This delay in receiving the paycheck led to overdue payments on bills, and occasional threats to foreclose on mortgages or to turn the family over to a collection agency. Pay and personnel systems for activated Guard and Reserve members must work in coordination so families do not have to deal with bill collectors.

The cost of meeting unique family readiness needs for National Guard and Reserve families must be calculated in Guard and Reserve operational budgets and additional resources provided. DOD should partner with other organizations and explore new means of communication and support to geographically dispersed Guard and Reserve families.

Health Care

After a rocky start over several years, the TRICARE system is providing most of the promised benefit for most families, particularly those enrolled in Prime. Changes made in the Prime Remote program for active duty families and ensuring access to Prime and Prime Remote for the families of Guard and Reserve members, who have orders for 30 days or more, have gone a long way to providing a truly uniform benefit for all families of those on active duty.

NMFA is also pleased to report the continuation of the partnership established between the DOD Office of Health Affairs, the TRICARE Management Activity (TMA) and the beneficiary associations. This collaboration benefits both beneficiaries and the Department. NMFA appreciates the information received in these meetings and the opportunity for dialogue with those responsible for managing DOD health care policies and programs. Through this medium, NMFA and other organizations have been able to raise areas of concern, provide feedback on the implementation of new programs and benefits and to help provide better information to beneficiaries about their health care benefit.

However, despite these improvements, NMFA remains apprehensive about several issues: funding, beneficiary access to health care, the implementation of a new generation of TRICARE contracts and the ability of National Guard and Reserve families to have reasonable access to care and continuity of care.

Funding

The fiscal year 2004 budget request includes what DOD believes to be an accurate level of funding for the Defense Health Program. However, NMFA urges this Subcommittee to continue its efforts to ensure full funding of the entire Defense Health Program, to include meeting the needs for military readiness and of both the direct care and purchased care segments of TRICARE. NMFA is particularly pleased with the allocation of funds by TMA and the Services to support the new Family Centered Obstetrical Care initiative. While the increased funds for this program may well have been driven by the impending loss of DOD's ability to force military family members to receive obstetrical care in Military Treatment Facilities (MTFs), it has nonetheless been a remarkable achievement. Many MTFs have instituted significant and substantial improvements to their obstetrical programs and more are constantly coming on line every day. NMFA assumes this initiative will continue to

be funded in a robust manner and hopes that the spirit of Family Centered care, the innovations created by the program and the funding provided will move into other specialties within the MTFs.

Access

Although recent TRICARE surveys highlight improvements in beneficiary access to care, NMFA continues to field calls on almost a daily basis from beneficiaries with access issues. Servicemembers and families enrolled in Prime are promised certain standards for access to care in providing appointments, wait times at a provider's office and geographic availability. Yet the calls we receive tell another story. Even servicemembers are told by the direct care system, "Call back next month, there are no more appointments this month." Family members are routinely not informed that they can request an appointment with a provider in the civilian sector if access standards cannot be met in the direct care system. However, IF the member or family member mentions the words, "access standards," appointments that fall within the guidelines magically appear. NMFA was also made aware that some in the direct care system were telling family members that accepting appointments outside of the access standards was a way for them to "support the war in Iraq" since medical personnel from the facility had been deployed. TRICARE was designed so that care could be provided in a timely manner within the civilian network when it was not available in the direct care system. There is no reason, including the deployment of medical personnel, that access standards should not always be met.

When family members enrolled in Prime attempt to access care within the civilian network they utilize the Managed Care Support Contractors web pages or the Prime Booklet's list of providers. However, they often feel as if they are "letting their fingers walk through the yellow pages," as they hear, telephone call after telephone call, "The doctor is not accepting any new TRICARE Prime patients." Lists of providers must show who is and who is not accepting new patients. This information is of prime importance to families arriving at a new duty station. To their credit some, but not all, of the Managed Care Support Contractors are providing this information.

As TRICARE Prime has improved, those who have remained in TRICARE Standard often feel as if they are unwanted stepchildren. Managed Care Support Contractors are required in the current contracts to assist Standard beneficiaries in finding a provider who accepts TRICARE. However, most Standard beneficiaries are not aware of this provision, because no one is required to communicate with them. When new Managed Care Support contracts came on line, contractors mailed brochures to all eligible beneficiary households, but other than giving basic information on the various choices with the TRICARE program, the information was basically geared to enrollment in Prime. Contractors are required to communicate regularly with Prime enrollees, but not with Standard beneficiaries. In fact, most of the literature regarding Standard states that it is the same as the old CHAMPUS program. No mention is made of prior authorizations, which vary from Region to Region, or of other region specific "rules of the road."

In many areas Standard beneficiaries have more difficulty than Prime enrollees in finding providers. While Standard beneficiaries can certainly utilize Prime network providers (if they know where to find such a list), many have remained in Standard because there is no Prime network where they live or they have elected to have a broader choice of providers. Managed Care Support Contractors on the other hand are, understandably, more interested in establishing and maintaining their Prime networks. Anecdotal evidence provided to NMFA appears to indicate that many providers are unaware that they may remain TRICARE providers even if they decline to become Prime network providers. In addition, many providers also complain of the "new rules of the road" on prior authorizations and paper work, which were not required when they were CHAMPUS providers. Low reimbursement rates and claims processing continue to be cited by providers as reasons they do not seek to become authorized TRICARE providers.

TRICARE Standard is an option in the TRICARE program and those who are forced or desire to use that option should be supported as fully as those who chose to enroll in Prime. Contractors must make significant efforts to recruit Standard providers.

DOD and the contractors must be ever vigilant in identifying areas where sufficient numbers of providers in certain specialties refuse to accept TRICARE because of the reimbursement rates. DOD has the authority (and has used it in Alaska and recently in Idaho) to increase reimbursement rates to ensure a proper mix and number of providers. Contractors must continue their strong effort to improve claims processing and education of providers and their support staffs on the unique requirements of the TRICARE claims process.

TNEX and other contracts

The next round of TRICARE Contracts (TNEX) would appear to place significantly new levels of authority and responsibility on local MTF Commanders. NMFA is concerned that this may actually increase the differences in how a beneficiary accesses care rather than make it more uniform. Currently, Managed Care Support Contractors in some Regions have total responsibility for making appointments, and in all Regions they have the responsibility for making appointments within the civilian network. The new contracts would appear to leave this responsibility to the local MTF Commander, either to arrange all of the appointments or to opt into an as yet unknown national appointment contract. All current Managed Care Support Contractors are required to have a health information line. The new contracts leave the decision to have one and/or which one to have up to the local MTF Commander.

TNEX also appears to blur lines of authority and accountability rather than strengthening them. Beneficiaries need a clear line of command and accountability for their problems with accessing care to be fixed and for their concerns about quality of care to be appropriately addressed.

If changes are made in how beneficiaries access care from the current method, beneficiaries need to be educated and informed BEFORE the fact.

Beneficiaries may not only face new ways of accessing care, but new “rules of the road” as a national contract is awarded for the retail pharmacy benefit. The implementation of the new TRICARE mail order pharmacy program contract (TMOP) was not without some significant problems. Fortunately, most were transitory and have been or are being addressed. However, a problem facing some beneficiaries could have been avoided with proper education and information. TMOP is now tied into both the retail pharmacies and the MTF pharmacies, so all pharmacy providers are aware of prescriptions being filled at all other venues in real time. Under the previous contractor such real time checking was not done. If a provider ordered a new medication for a beneficiary and wanted the medication started immediately, yet the beneficiary was to be on the medication for a long time, the beneficiary probably used both the retail and mail order pharmacy on the same or similar dates. Under TMOP the mail order request of the beneficiary will be denied until 75 percent of the retail prescription is consumed. This is not a problem with receiving the medication in a timely manner, nor is it a new DOD regulation, but it was a new wrinkle to beneficiaries that caused concern and could have been avoided.

Guard and Reserve Health Care

While the “rules of the road” for using TRICARE, particularly Prime, seem now to be well understood by most active duty and retired family members, it is another story for National Guard and Reserve families. Since many of these families do not live near an installation, most of their information comes in printed form, on the web or via telephone. In addition, many live in areas where providers are unaware of TRICARE, as there are few if any other uniformed service beneficiaries in the area. Lead Agents and TRICARE contractors routinely conduct TRICARE briefings for members of units about to mobilize; unfortunately, in most cases, families (those who will actually have to navigate the system) live too far away to attend. If the servicemember and family live in a different TRICARE Region from the one where the unit is located, the information provided in the unit setting may not be the same for the Region in which the family actually lives. Decisions to enroll in Prime, use Standard or remain with an employer provided plan need to be family decisions based on full and accurate information provided to servicemembers AND their families.

NMFA has long believed that the approach to meeting the health care needs of Guard and Reserve members and their families must be flexible enough to ensure access to care and continuity of care. We believe S. 852, recently introduced by Senators DeWine, Daschle, Smith and Leahy, addresses most of these issues. Provisions included in the legislation would authorize Guard and Reserve members to enroll in TRICARE when not on active duty and subsidize the cost of the program at approximately the same level as the Federal Employee Health Benefits Program (FEHBP) is for Federal Civilians. This would allow those who currently have no insurance in civilian life to have access to an affordable program and would provide continuity in both program and care when the member is activated. Alternatively, the legislation would authorize DOD to pay the premiums of an employer provided private sector plan up to the level of what TRICARE would cost DOD if it were provided to the member and his/her family. This would allow those with civilian provided coverage to continue with their current plan and providers.

Funding must be adequate to meet readiness needs, provide for both the purchased care segment of TRICARE and the direct care system to include the Family Centered Obstetrical Care initiative. Access standards were part of the promise

DOD made to families when they enrolled in TRICARE Prime. These access standards must be met either in the MTF or the civilian network. Civilian networks must be robust enough to support MTFs in meeting the access standards. Recruitment of TRICARE Standard providers and education of Standard beneficiaries should be as much a part of the TRICARE program as are these endeavors for Prime providers and enrollees. The new round of contracts must provide standardized ways to access health care across all Regions and beneficiaries should have a clear picture of who can solve their access problems and quality of care concerns. Families of Guard and Reserve members should have flexible options for their health care coverage that address both access to care and continuity of care. In addition, accurate and timely information on their options and such things as transitional health care must be provided to the families as well as the servicemember.

NMFA thanks this Subcommittee and Congress for your advocacy for pay and benefit improvements necessary to retain the quality force that now protects our homeland and wages war against terror. Your actions have helped to rebuild military members' trust and to ease the crisis in recruiting and retention. We ask you to remember that mission readiness is tied to servicemember readiness, which is tied to family readiness. The stability of the military family and community and their support for the forces rests on the Nation's continued focus on the entire package of quality of life components. Military members and their families look to you for continued support for that quality of life. Please don't let them down.

Senator STEVENS. Thank you for your patience, Doctor.
Yes, sir.

STATEMENT OF STEVEN ELLIOT KOONIN, Ph.D., PROVOST AND PROFESSOR OF THEORETICAL PHYSICS, CALIFORNIA INSTITUTE OF TECHNOLOGY; ON BEHALF OF THE ASSOCIATION OF AMERICAN UNIVERSITIES AND THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Dr. KOONIN. Thank you, Mr. Chairman. It is a pleasure to be able to testify to you today. I am Steven Koonin. I am the Provost and a professor of theoretical physics at the California Institute of Technology. I am also a former member of the Defense Science Board, on which I served for 4 years. My remarks today are on behalf of the Association of American Universities, which represents 60 of America's most prominent public and private research universities. My testimony is also submitted on behalf of the National Association of State Universities and Land Grant Colleges. Together these two associations include public and private universities and colleges in every State that perform the science and technology research funded by the DOD.

DOD is the third largest Federal sponsor of university-based research. Nearly 350 universities and colleges conduct DOD-funded research and development. Universities play the largest role in basic defense research, receiving more than 53 percent of 6.1 funding. They also receive substantial funding for applied defense research under the 6.2 program element.

With that background, I would like to bring to your attention two issues important to universities related to the fiscal year 2004 budget proposal for defense spending. The first of these is to urge your support for an appropriation of \$11.4 billion, or 3 percent of the overall fiscal year 2004 budget proposed for DOD science and technology programs. This request is consistent with recommendations contained in the Quadrennial Defense Report and are made by the Defense Science Board (DSB) as well as experts such as Mr. Pete Aldridge. All of these have called for a DOD S&T budget that reflects 3 percent of the overall DOD budget.

Within defense S&T, the organizations I am representing also request that \$2.3 billion be appropriated for 6.1 research and \$4.6

billion be appropriated for competitive merit-based 6.2 research. There is growing concern that, while funding for overall defense S&T has been increasing in recent years, much of this growth has been in the 6.3 account, with much less growth in the 6.1 and 6.2 accounts.

In fact, if one looks closely at the trends over the past 20 years, 6.1 funding has declined in constant dollars and has significantly decreased as a share of total S&T, from over 20 percent in fiscal year 1983 to approximately 14 percent currently. We encourage the committee to reverse this downward trend in investments in the basic ideas that are going to lead to tomorrow's advances in defense technology.

The second matter that I would like to bring to your attention concerns the administration's budget proposal to transfer funding or to devolve certain critical joint multi-disciplinary DOD S&T programs, including the University Research Initiative, from the Office of the Secretary of Defense to the services. This proposed devolvement is a matter over which our universities have great concerns. Such a move could damage the unique nature and design of these programs and could inhibit the types of cross-service integration and coordination of S&T research that these programs have been specifically designed to promote.

We are also concerned that, if moved out of the Office of the Secretary of Defense (OSD) and into the services, the services could direct these funds to service-oriented needs rather than to the broader long-term research needs that cut across the services. For these reasons, we urge your subcommittee to consider carefully the implications of devolvement of S&T programs from the OSD.

Let me conclude by thanking the committee, the subcommittee, for its ongoing support of defense S&T. We hope that you will continue the progress that has been made in the past few years in supporting the critical S&T programs that make such an important contribution to our national security.

Thank you.

Senator STEVENS. Thank you very much, Doctor. We do support very strongly the university research. The other item you mentioned, though, is the Armed Services Committee. I hope you are taking that message to them. That is a legislative recommendation.

Dr. KOONIN. Thank you.

Senator STEVENS. Thank you for your testimony.

[The statement follows:]

PREPARED STATEMENT OF DR. STEVEN ELLIOT KOONIN

Mr. Chairman and members of the subcommittee: Thank you for the opportunity to testify today. My name is Steven Koonin, and I am the Provost and a Professor of Theoretical Physics at the California Institute of Technology. I am also a former member of the Defense Science Board (DSB) where I served for four years.

My remarks today are submitted on behalf of the Association of American Universities (AAU), which represents 60 of America's most prominent public and private research universities. This testimony is also submitted on behalf of the National Association of State Universities and Land-Grant Colleges (NASULGC). These two associations include public and private universities and colleges in every state that perform the science and technology research that is funded by the Department of Defense.

I want to specifically thank this subcommittee and you, Mr. Chairman, for the ongoing support that you have shown for science and technology research programs in the Department of Defense. As you know, basic and applied research are funded

under program elements 6.1 and 6.2 in the Research, Development, Testing and Evaluation (RDTE) section of the Department of Defense appropriation. The Army, Navy, Air Force and the "Defense-wide" account under the Office of the Secretary all receive separate appropriations for these programs.

Why do universities care about Defense Science and Technology (S&T)? Today, DOD is the third largest federal sponsor of university-based research (after the National Institutes of Health and the National Science Foundation). Nearly 350 universities and colleges conduct DOD-funded research and development. Universities play the largest role in basic defense research, receiving more than 53 percent of program element 6.1 funding. They also receive substantial funding for applied defense research provided under program element 6.2.

With this as background, I would like to bring to your attention two issues of importance to universities related to the fiscal year 2004 budget proposal for the defense spending. These are: (1) continued growth in support for DOD Science and Technology (S&T) Programs, with particular emphasis on basic 6.1 and applied 6.2 research, and (2) concerns the university community has related to the proposed "devolvement" of certain S&T programs from the Office of the Secretary of Defense (OSD) to the individual services.

Increasing Support for Defense Basic and Applied Research

On behalf of the AAU and NASULGC, I urge your support for an appropriation of \$11.4 billion, or 3 percent of the overall fiscal year 2004 Budget proposed for the Department of Defense (DOD) for science and technology (S&T) programs (6.1 basic research, 6.2 applied research, and 6.3 advanced technology development) in the Army, Navy, Air Force, and Defense-Wide. This request is consistent with recommendations contained in the Quadrennial Defense Report and made by the Defense Science Board (DSB), as well as experts such as Pete Aldridge, Under Secretary Acquisition, Technology, and Logistics, who have all called for a DOD S&T budget that reflects 3 percent of the overall DOD budget.

Within defense S&T, the AAU and NASULGC request that \$2.3 billion be appropriated for 6.1 basic research and \$4.6 billion be appropriated for competitive merit based 6.2 applied research. There is growing concern that while funding for overall Defense S&T has been increasing in recent years, much of this growth has been in the 6.3 account with much less growth in 6.1 basic research and 6.2 applied research. In fact, if one looks closely at the trends, over the last 20 years funding for 6.1 basic research has declined in constant dollars and has significantly decreased as a share of total S&T (from over 20 percent in fiscal year 1983 to approximately 14 percent in fiscal year 2003 (See Attachments #1 and #2)). We encourage the Committee to reverse this downward trend in investments in the basic ideas that are going to lead to tomorrow's advances in defense technology.

I need not tell the members of this subcommittee that successful U.S. national defense policy is critically dependent on technological superiority. New dangers, such as high technology terrorism, information warfare, and the proliferation of weapons of mass destruction, now face the military and require new and more sophisticated technologies. The knowledge required to generate these technologies is dependent upon the long-term, high-risk, defense oriented fundamental research that is conducted at U.S. universities.

Through their research, university-based scientists and engineers are helping to prepare the U.S. military to be ready for the new threats it faces in the 21st century, including nuclear, chemical, biological, and other asymmetric threats such as terrorism and cyber attacks. Past university-based basic and applied research discoveries that have made major contributions to the nation's military and defense efforts include inertial navigation, radar, the global positioning system (GPS), precision guidance, advanced materials, and reduced radar cross-section technology.

Indeed, the DOD's past investments in basic and applied research helped the U.S. military to rewrite the rules of war in Afghanistan and Iraq, with new technologies such as advanced laser-guided and precision weapons, the Predator Unmanned Aerial Vehicle that circles and watches for enemy activity, and the Rapid Multilingual Support Device that helps to issue instructions and orders in targeted languages. These investments were also critical in the development of the thermobaric bomb that was rushed into use against al Qaeda and Taliban forces holed up in Afghanistan's mountains and caves. Because of the past investments made in basic and applied research, this weapon could be developed and successfully deployed in only 67 days.

In addition to supporting new technologies, DOD's investment in basic and applied research also plays a critical role in advancing knowledge and in supporting and training a cadre of defense oriented scientists and engineers that work not only at our universities, but also in industry and the DOD's own national laboratories.

DOD research also provides students with hands-on research training experiences, ensuring that we will have a long lasting supply of highly qualified scientists and engineers to go on to work in academia, industry, and federal laboratories in the future.

Finally, DOD sponsored university research is concentrated in fields where advances are most likely to contribute to national defense. DOD accounts for 70 percent of federal funding for university electrical engineering, 40 percent of computer sciences funding, 41 percent of metallurgy/materials engineering funding, and 29 percent of ocean sciences funding. DOD also sponsors fellowships and provides a significant amount of support for graduate students in critical defense fields such as computer science and aerospace and electrical engineering (See Attachment#3 for an illustration of the amount of research support that DOD provides to key engineering sub-disciplines).

Concerns Regarding the Proposed Devolvement of DOD S&T Programs

The second matter that I would like to bring to your attention concerns the Administration's budget proposal to transfer funding, or "devolve," certain critical, joint, and multidisciplinary DOD S&T Programs—including the University Research Initiative (URI)—from the Office of the Secretary of Defense (OSD) to the services.

The proposed devolvement of S&T programs is a matter over which our universities have great concerns. Specifically, such a move could damage the unique nature and design of these programs and could inhibit the types of cross-service integration and coordination of S&T research that these programs have been specifically designed to promote. We are also concerned that if moved out of OSD, and into the services, that the services could direct these funds to service-oriented needs rather than to the broader, long-term research needs that cut across the services. For these reasons, we urge your subcommittee to consider the implications of devolvement of S&T programs for the OSD.

The advantage that these S&T programs have enjoyed by being housed within the OSD is that they have been insulated from the short-term strategic demands that so often drive spending within the individual services. As a result, they have been able to maintain their focus on the long-term S&T needs of the entire DOD. Moreover, because the services have competed with each other for funding from OSD for programs such as the URI, it has been ensured that the service most capable of meeting the DOD's long-term S&T needs was, in fact, awarded the funding.

Programs such as the URI, from which researchers at Cal Tech and many public and private academic institutions have received funding, were specifically designed to support the development of new knowledge and to build a critical mass of experts to address long-term defense research needs that transcend the specific and immediate interests of the individual services.

As a result, URI has been able to successfully support exciting new advances in critical strategic research to the DOD in areas such as nanoscience, smart materials and structures, information technology, human centered systems, synthetic materials and processes, and compact power systems. Over the past five years, funding provided by the URI program has supported 859 graduate fellowships, 1,131 instrumentation projects, and 166 new awards to research teams from institutions located in most every state in the nation.

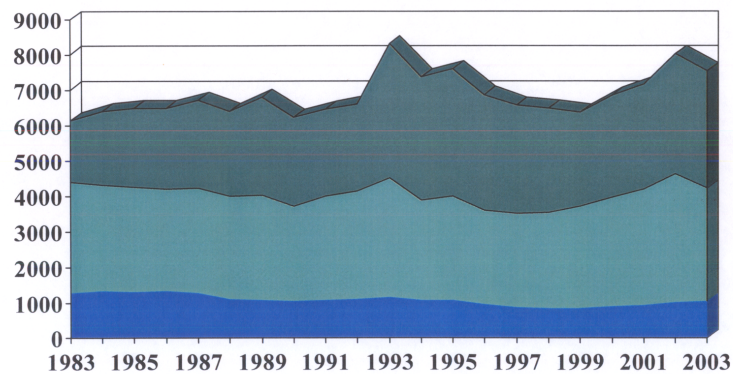
The university community believes that these programs, and the goals for which they were established, have been well served by being housed within OSD. To ensure that these programs meet their stated objectives and best ensure that they continue to provide the knowledge required to properly equip, train and protect the soldiers, sailors, airmen and marines of the future, we ask that the subcommittee take a serious look at the implication of devolving these programs to the services.

CONCLUSION

In conclusion, let me again thank the subcommittee for its ongoing support of Defense S&T. We hope that you will continue the progress that has been made in the past few years in support for the critical S&T programs which make such an important contribution to our national security.

Thank you again for permitting me to testify today.

Defense Science & Technology 1983-2003 (constant dollars)

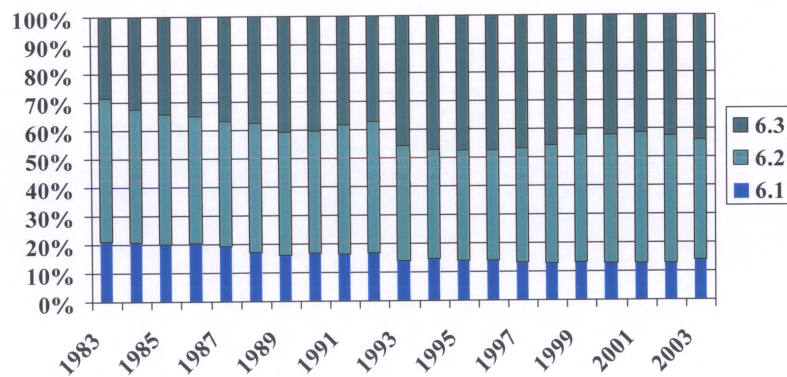


3/12/2003

CNSR

[ATTACHMENT 1]

Defense S&T 1983-2003

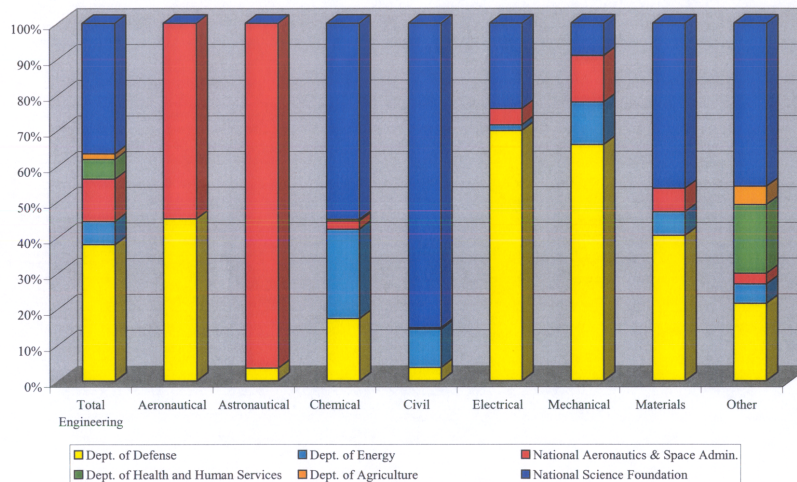


3/12/2003

CNSR

[ATTACHMENT 2]

**Federal Obligations for ENGINEERING Basic and Applied Research in Academia,
by agency and field of S&T, FY1999**



Source: National Science Foundation, Division of Science Resources Studies

Association of American Universities (AAU), February 2003

[ATTACHMENT 3]

Senator STEVENS. George Dahlman, Vice President for Public Policy of the Leukemia and Lymphoma Society, please.

STATEMENT OF GEORGE DAHLMAN, VICE PRESIDENT, PUBLIC POLICY, THE LEUKEMIA & LYMPHOMA SOCIETY

Mr. DAHLMAN. Thank you, Mr. Chairman, for this opportunity to testify before you on behalf of the Leukemia and Lymphoma Society. During its 53-year history, the society has been dedicated to finding a cure for the blood cancers, the leukemias, lymphomas, and multiple myeloma. A great deal of progress has been made in the treatment of blood cancers and over the last 2 decades there have been impressive strides in the treatment and particularly in lymphoma and in childhood leukemia.

But despite these advances, they pose a continuing risk to Americans. In 2003 more than 100,000 will be diagnosed with a blood-related cancer. Almost 700,000 Americans are currently living with a blood cancer and some 60,000 this year will die from them. Taken together, the blood cancers are fifth among cancers in incidence and second in mortality.

Why are these diseases important to the Department of Defense? They are important for a couple of reasons. First, research on blood-related cancers has special relevance to the Armed Forces because these are the cancers that appear among individuals with chemical and nuclear exposure. Higher incidences of leukemia have long been substantiated in extreme nuclear incidents in both military and civilian populations and recent studies have proven that

individuals exposed to chemical agents like Agent Orange in the Vietnam War cause an increased risk of lymphoid malignancies.

As a matter of fact, a recent report by the Institute of Medicine found that Agent Orange is also connected to chronic lymphocytic leukemia, CLL, and the VA is now covering veterans with that disease. So the Vietnam era defoliant itself is credited with causing lymphomas, chronic myelogenous leukemia, as well as CLL.

Consequently, in the current environment DOD medical research needs to focus on the broader area of blood cancer research as it affects our military and domestic preparedness. Soldiers in the field, the domestic first response personnel, and the civilian population all face blood cancer risks from chemical or nuclear exposures. And as our Nation is contemplating the threat of biological, chemical, or nuclear terrorism, we need to better understand and prepare for the malignancies that would inevitably result from these events.

Secondly, research into blood cancers, as has been mentioned by colleagues, has traditionally pioneered treatments in other cancers. Chemotherapy and bone marrow transplants are two striking examples of treatments that were first developed in the blood cancers and now are applied to other malignancies. Their relevance and the opportunity was recognized over the last 2 years when Congress appropriated \$9.25 million for a program of chronic myelogenous leukemia through the congressionally-directed medical research program.

Since that program was launched, 11 proposals have been recommended for funding and the quality of the proposals has been rated very high and that there is more room for additional research with more funding.

Unfortunately, \$9.25 million does not go very far in medical research and, recognizing that, a bipartisan group of Members of Congress have requested that the program funding be increased to \$25 million and that the program be expanded to all the blood cancers, the leukemias, the lymphomas, and myelomas, and that it provide the research community with the flexibility to build on this pioneering field.

DOD research on the other forms of blood-related cancer addresses the importance of preparing for civilian and military exposure to the weapons being developed by hostile nations and to aid in the research for more effective treatment for all who suffer from these diseases.

I would like to conclude by saying that the Leukemia and Lymphoma Society, along with our partners the Lymphoma Research Foundation and the Multiple Myeloma Research Foundation, strongly endorses and enthusiastically supports and respectfully urges the committee to include funding of \$25 million in the fiscal year 2004 defense appropriations bill.

Thank you very much.

Senator STEVENS. Well, thank you very much. I am sure you know we try our best on those diseases that you mentioned, and we will again do our best.

Mr. DAHLMAN. Thank you.

Senator STEVENS. Thank you.

[The statement follows:]

PREPARED STATEMENT OF GEORGE DAHLMAN

Introduction

I am pleased to appear before the Subcommittee today and testify on behalf of The Leukemia & Lymphoma Society (LLS).

During its 53-year history, the Society has been dedicated to finding a cure for the blood cancers—leukemia, lymphoma, and myeloma. The Society has the distinction of being both the largest private organization dedicated to blood-related cancers and the nation's second largest private cancer organization.

Our central contribution to the search for a cure is providing a significant amount of the funding for basic and translational research in the blood cancers. In 2003, we will provide almost \$40 million in research grants. In addition to our role funding research, we provide a wide range of services to individuals with the blood cancers, their caregivers, families, and friends through our 60 chapters across the country. Finally, we advocate responsible public policies that will advance our mission of finding a cure for the blood cancers.

We are pleased to report that impressive progress is being made in the treatment of many blood cancers. Over the last two decades, there have been steady and impressive strides in the treatment of the most common form of childhood leukemia, and the survival rate for that form of leukemia has improved dramatically.

And two years ago, a new therapy was approved for chronic myelogenous leukemia, a form of leukemia for which there were previously limited treatment options, all with serious side-effects. Let me say that more clearly, if three years ago your doctor told you that you had CML, you would have been informed that there were limited treatment options and that you should get your affairs in order. Today, those same patients have access to this new therapy, called Gleevec, which is a so-called targeted therapy that corrects the molecular defect that causes the disease, and does so with few side effects.

The LLS funded the early research on Gleevec, as it has contributed to research on a number of new therapies. We are pleased that we played a role in the development of this life-saving therapy, but we realize that our mission is far from complete. Many forms of leukemia, lymphoma and myeloma present daunting treatment challenges. There is much work still to be done, and we believe the research partnership between the public and private sectors—as represented in many of the Pentagon research programs—is an integral part of that effort and should be strengthened.

The Grant Programs of The Leukemia & Lymphoma Society

The grant programs of the Society are in three broad categories: Career Development Grants, Translational Research Grants for early-stage support for clinical research, and Specialized Centers of Research. In our Career Development program, we fund Scholars, Special Fellows, and Fellows who are pursuing careers in basic or clinical research. In our Translational Research Program, we focus on supporting investigators whose objective is to translate basic research discoveries into new therapies.

The work of Dr. Brian Druker, an oncologist at Oregon Health Sciences University and the chief investigator on Gleevec, was supported by a translational research grant from the Society. Dr. Druker is certainly a star among those supported by the LLS, but our support in this field is broad and deep. Through the Career Development and Translational Research Programs, we are currently supporting more than 400 investigators in 33 States and ten foreign countries.

Our new Specialized Centers of Research grant program (SCOR) is intended to bring together research teams focused on the discovery of innovative approaches to benefit patients or those at risk of developing leukemia, lymphoma, or myeloma. The awards will go to those groups that can demonstrate that their close interaction will create research synergy and accelerate our search for new therapies, prevention, or cures.

Impact of Hematological Cancers

Despite enhancements in treating blood cancers, there are still significant research opportunities and challenges. Hematological, or blood-related, cancers pose a serious health risk to all Americans. These cancers are actually a large number of diseases of varied causes and molecular make-up, and with different treatments, that strike men and women of all ages. In 2003, more than 100,000 Americans will be diagnosed with a form of blood-related cancer and over 60,000 will die from these cancers. For some, treatment may lead to long-term remission and cure; for others these are chronic diseases that will require treatments on several occasions; and for

others treatment options are extremely limited. For many, recurring disease will be a continual threat to a productive and secure life.

A few focused points to put this in perspective:

- Taken together, the hematological cancers are fifth among cancers in incidence and second in mortality.
- Almost 700,000 Americans are living with a hematological malignancy in 2003.
- More than 60,000 people will die from hematological cancers in 2003, compared to 40,000 from breast cancer, 30,200 from prostate cancer, and 56,000 from colorectal cancer.
- Blood-related cancers still represent serious treatment challenges. The improved survival for those diagnosed with all types of hematological cancers has been uneven. The five-year survival rates are:

	Percent
Hodgkin's disease	83
Non-Hodgkin's lymphoma	53
Leukemias (total)	45
Multiple Myeloma	29
Acute Myelogenous Leukemia	14

- Individuals who have been treated for leukemia, lymphoma, and myeloma may suffer serious adverse events of treatment, including second malignancies, organ dysfunction (cardiac, pulmonary, and endocrine), neuropsychological and psychosocial aspects, and quality of life.

Trends

Since the early 1970s, incidence rates for non-Hodgkin's lymphoma (NHL) have nearly doubled.

For the period from 1973 to 1998, the death rate for non-Hodgkin's lymphoma increased by 45 percent, and the death rate for multiple myeloma increased by more than 32 percent. These increases occurred during a time period when death rates for most other cancers are dropping.

Non-Hodgkin's lymphoma and multiple myeloma rank second and fifth, respectively, in terms of increased cancer mortality since 1973.

Recent statistics indicate both increasing incidence and earlier age of onset for multiple myeloma.

Multiple myeloma is one of the top ten leading causes of cancer death among African Americans.

Despite the significant decline in the leukemia death rate for children in the United States, leukemia is still one of the two most common diseases that cause death in children in the United States.

Lymphoma is the third most common childhood cancer.

Causes of Hematological Cancers

The causes of hematological cancers are varied, and our understanding of the etiology of leukemia, lymphoma, and myeloma is limited. Chemicals in pesticides and herbicides, as well as viruses such as HIV and EBV, play a role in some hematological cancers, but for most cases, no cause is identified. Researchers have recently published a study reporting that the viral footprint for simian virus 40 (SV40) was found in the tumors of 43 percent of NHL patients. These research findings may open avenues for investigation of the detection, prevention, and treatment of NHL. There is a pressing need for more investigation of the role of infectious agents or environmental toxins in the initiation or progression of these diseases.

Importance To The Department of Defense

The Leukemia & Lymphoma Society believes this type of medical research is particularly important to the Department of Defense for a number of reasons.

First, research on blood-related cancers has significant relevance to the armed forces, as the incidence of these cancers is substantially higher among individuals with chemical and nuclear exposure. Higher incidences of leukemia have long been substantiated in extreme nuclear incidents in both military and civilian populations, and recent studies have proven that individual exposure to chemical agents, such as Agent Orange in the Vietnam War, cause an increased risk of contracting lymphoid malignancies. In addition, bone marrow transplants were first explored as a means of treating radiation-exposed combatants and civilians following World War II.

The connection of blood cancers to military exposures was further illustrated in a recent report by the Institute of Medicine, finding that Agent Orange exposure

is connected to cases of chronic lymphocytic leukemia (CLL). Immediately after the determination, the Veterans Administration announced that it will cover the medical expenses of veterans with CLL. The Vietnam-era defoliant is now credited with causing lymphomas, chronic myelogenous leukemia (CML) as well as CLL.

Consequently, in the current environment DOD medical research needs to also focus on the broader area of blood cancer research as it affects our military and domestic preparedness. Soldiers in the field, domestic first-response personnel, and the civilian population all face blood cancer risks from chemical or nuclear exposures, such as a "dirty bomb." Higher incidences of leukemia have long been substantiated in extreme nuclear incidents in both military and civilian populations. As our nation is contemplating the threat of biological, chemical or nuclear terrorism, we need better understanding of, and preparation for, the hematological malignancies that would inevitably result from such events.

Secondly, additional funding would expedite the cure for other cancers. Research in the blood cancers has traditionally pioneered treatments in other malignancies. This research frequently represents the leading edge in cancer treatments that are later applied to other forms of cancer. Chemotherapy and bone marrow transplants are two striking examples of treatments first developed in the blood cancers.

From a medical research perspective, it is a particularly promising time to build a DOD research effort focused on blood-related cancers. That relevance and opportunity were recognized over the last two years when Congress appropriated a total of \$9.25 million to begin initial research into chronic myelogenous leukemia (CML) through the Congressionally Directed Medical Research Program (CDMRP). As members of the Subcommittee know, a noteworthy and admirable distinction of the CDMRP is its cooperative and collaborative process that incorporates the experience and expertise of a broad range of patients, researchers and physicians in the field. Since the CML program was launched, eleven proposals were recommended for funding. The review panel found the overall quality of the proposals was high and quality research from this CMLRP would benefit from additional funding. Additionally, innovative projects that have a high probability of finding new targets for the development of future therapies and new medicines to treat CML were recommended for funding.

Unfortunately, \$9.25 million does not go very far in medical research. Recognizing that fact and the opportunity this research represents, bipartisan members of Congress have requested that the program be modestly increased to \$25 million and be expanded to include all the blood cancers—the leukemias, lymphomas and myeloma. This would provide the research community with the flexibility to build on the pioneering tradition that has characterized this field.

DOD research on the other forms of blood-related cancer addresses the importance of preparing for civilian and military exposure to the weapons being developed by several hostile nations and to aid in the march to more effective treatment for all who suffer from these diseases. This request clearly has merit for inclusion in the fiscal year 2004 legislation.

The Leukemia & Lymphoma Society strongly endorses and enthusiastically supports this effort and respectfully urges the Committee to include this funding in the fiscal year 2004 Defense Appropriations bill.

We believe that building on the foundation Congress initiated over the last two years would both significantly strengthen the CDMRP and accelerate the development of cancer treatments. As history has demonstrated, expanding its focus into areas that demonstrate great promise; namely the blood-related cancers of leukemia, lymphoma and myeloma, would substantially aid the overall cancer research effort and yield great dividends.

Senator STEVENS. Joan Goldberg, National Coalition for Osteoporosis and Bone Diseases. Good morning.

STATEMENT OF JOAN GOLDBERG, EXECUTIVE DIRECTOR, AMERICAN SOCIETY FOR BONE AND MINERAL RESEARCH; ON BEHALF OF THE NATIONAL COALITION FOR OSTEOPOROSIS AND RELATED BONE DISEASES

Ms. GOLDBERG. Good morning. Thank you.

Mr. Chairman and members of the committee, I am representing the American Society for Bone and Mineral Research, also the National Coalition for Osteoporosis and Related Bone Diseases, which includes the National Osteoporosis Foundation, the Pagett Foundation, and Osteogenesis Imperfecta, as well as my own society. To-

gether we represent over 44 million Americans who have bone diseases or are at risk for them, along with more than 5,000 scientists dedicated to improving the prevention, diagnosis, treatment, and understanding of bone diseases and disorders.

Bone health, as you know, is integral to overall health. Our bones support our muscles, protect our vital organs, and store the calcium that is essential for bone density or mass, end strength. What makes bones healthy? It is a complex interaction involving many nutritional, hormonal, behavioral, genetic, and environmental factors—what we eat and drink, the type and duration of our exercise, our family history. These are some of the pieces of the puzzle that fit together when we address bone health.

Bone health is a critical component to consider when evaluating military readiness and performance. Why is bone health so critical to our military? Stress fractures occur in up to 15 percent of military recruits. Stress fractures are most common in legs and feet, but they also occur in the ribs and upper extremities. For healing to occur, recruits need to rest for approximately 3 months. Not only do these fractures delay military readiness and performance, but they represent a high cost, over \$10 million a year.

Our recent engagement in Iraq highlights some additional considerations when it comes to bone health. For example, soldiers routinely carried packs that weighed 70 to 90 pounds over rough terrain for miles on end in often a harsh climate. For many, a fracture could spell an exit from the combat theater as quickly as a shrapnel injury.

It is vitally important to understand how to prevent stress fractures in recruits and in combat to reduce suffering, minimize the time it takes to ready soldiers for combat, and to prevent fractures in training situations and in combat, to reduce the significant costs associated with the fractures.

The DOD has learned a great deal from research to improve soldiers' bone health, but there is much more to be learned. Recent research has examined the effects of impact forces such as running and gait pattern on bone formation and strength. We have also looked at the effect of specific nutritional regimens and the effects of weight management behaviors. Ongoing research is helping us to address the role and the effect of non-steroidal inflammatory medication such as ibuprofen on bone health and performance, the role of nutrition on bone quality, the role of electrical fields to speed bone repair, the role of new diagnostic tools.

But additional topics are also critical to our understanding and to recruits' military health. They include novel approaches, such as the possible use of low frequencies to build high-quality bone, the exploration of how different types of physical training affect bone at the cellular level, and investigations aimed at identifying the best training and nutritional regimens in terms of exercise type and duration, intensity, and nutrient amounts of vitamin D, of protein, etcetera, to optimize fitness, bone health, and prevent injury.

Mr. Chairman, stress fractures compromise the health, military readiness, and performance of our recruits and our troops. A strong, well-trained military proved to be crucial on Iraq and will continue to be a vital component of our future.

We thank you for maintaining the 2003 funding for the bone health and military readiness program. We also know there are many worthy projects in need of funding, especially in the Army's bone health and military medical readiness program. Without additional support, not only are these in jeopardy, but so are our future results that will save money, prevent additional fractures, and further healing.

We respectfully request that you consider a \$10 million appropriation for fiscal year 2004 to help maintain an aggressive and sustained bone research program. Thank you for your commitment to the military's health and safety and thank you for your attention and consideration.

Senator STEVENS. Thank you very much. Again, we will do our best. That is an area of great interest to the committee. Thank you.

Ms. GOLDBERG. Thank you.

[The statement follows:]

PREPARED STATEMENT OF JOAN GOLDBERG

Mr. Chairman and Members of the Committee, this testimony is submitted by Joan Goldberg, Executive Director of the American Society for Bone and Mineral Research (ASBMR), representing the National Coalition for Osteoporosis and Related Bone Diseases, which includes the National Osteoporosis Foundation, the Paget Foundation for Paget's Disease of Bone and Related Disorders, the Osteogenesis Imperfecta Foundation, and the ASBMR.

Together we represent over 44 million Americans who have bone diseases or are at risk for them, along with the more than 5,000 scientists dedicated to improving the diagnosis, treatment and understanding of bone diseases and disorders.

Bone health is integral to overall health. Our bones support our muscles, protect vital organs, and store the calcium essential for bone density or mass, and strength. What makes bones healthy? It's a complex interaction involving many nutritional, hormonal, behavioral, genetic and environmental factors. What we eat and drink, the type and duration of our exercise, our family history—these are some of the pieces of the puzzle that fit together when addressing bone health.

Bone health is a critical component to consider when evaluating military readiness and performance. Why is bone health so critical to our military? Stress fractures occur in up to 15 percent of military recruits. Stress fractures are most common in the legs and feet, but also occur in the ribs and upper extremities. For healing to occur, recruits often need to stop running or marching for weeks. Not only do these fractures delay military readiness and performance, but they represent a cost of over \$10 million per year. Our recent engagement in Iraq highlights some additional considerations when it comes to bone health. For example, soldiers routinely carried packs that weighed 70–90 pounds over rough terrain for miles on end in a harsh climate. For many, a fracture often spelled an exit from the combat theater as quickly as a shrapnel injury.

It is vitally important to understand how to prevent stress fractures in recruits and in combat to reduce suffering, minimize the time it takes to ready soldiers for combat, prevent fractures in training situations and in combat, and reduce the significant costs associated with these fractures.

The DOD has learned a great deal from research to improve soldiers' bone health, but there is more to be learned. Recent research has investigated: the effects of impact forces, such as running, on bone formation; the effect of specific nutritional regimens on bone health; and the effects of weight management behaviors on bone health.

Ongoing research will help address: the role of and effect of non-steroidal inflammatory medications on bone health and performance; the role of remodeling and nutrition on bone quality; the role of electrical fields to speed bone repair; and the role of new diagnostic tools.

Additional topics critical to our understanding and our recruits' military health include: novel approaches, such as the possible use of low frequencies to build high quality bone; explorations of how different types of physical training affect bone at a cellular level; and investigations aimed at identifying the best training and nutritional regimen in terms of exercise duration and intensity, and nutrient amounts, to optimize fitness levels and bone health and to prevent injury.

Mr. Chairman, stress fractures compromise the health, military readiness and performance of our recruits and troops. A strong and well-trained military proved to be crucial in Iraq and will continue to be a vital component of our country's future. We thank you for maintaining 2003 funding for the Bone Health and Military Medical Readiness Program of the U.S. Army Medical Research and Materiel Command located in Fort Detrick, Maryland. We know there are many worthy projects in need of funding, especially in the Army's Bone Health and Military Medical Readiness Program. Without additional support not only are these in jeopardy—and future results that will save money, prevent additional fractures, and further healing—but we risk losing researchers who are dedicated to bone health and these projects in particular.

We respectfully request that you consider an appropriation of \$10 million to maintain an aggressive and sustained DOD bone research program in fiscal year 2004. Thank you for your commitment to the U.S. military's health and safety.

Senator STEVENS. Our next witness is Retired Major General Paul Weaver, for Juvenile Diabetes Research Foundation. Good morning, sir.

STATEMENT OF MAJOR GENERAL PAUL A. WEAVER, JR., USAF (RETIRED), ON BEHALF OF THE JUVENILE DIABETES FOUNDATION INTERNATIONAL

ACCOMPANIED BY:

CATHY LEE WEAVER

JULIA WEAVER

General WEAVER. Good morning, Mr. Chairman.

That is number eight, sir.

Senator STEVENS. You do not need to testify if you bring her.

Go ahead.

General WEAVER. Sir, I would like to thank you for the opportunity to appear before you today on behalf of the Juvenile Diabetes Research Foundation (JDRF) International in support of \$10 million in funding for the Technologies in Metabolic Monitoring (TMM), better known as the Julia Weaver Fund Initiative. As you know, I have had the privilege of appearing before this subcommittee numerous times in the past in my capacity as the Director of the Air National Guard. But I am before you today as a civilian who retired after 35 years of military service, to thank you for the funding you have provided for the TMM, Julia Weaver Fund Initiative, and to respectfully request your continued support.

I also want to thank Senator Inouye for bestowing the title of "the Julia Weaver Fund" to the TMM program in honor of my 4-year-old daughter, who is here with my wife Cathy Lee and myself. One month after my retirement from military service, sir, my wife and I took our 2½-year-old daughter then, Julia, to the emergency room at Mary Washington Hospital in Fredericksburg, Virginia, a day that truly changed our lives. Prior to that day, we had been told that Julia had the flu.

Her condition continued to worsen. On New Year's Day morning, we noticed a severe degradation of her overall health. She had lost 10 pounds in one week and was losing mental awareness of her surroundings. We proceeded to the emergency room at Mary Washington Hospital, where we were told after her blood was tested that she had diabetic ketoacidosis. Simply put, she had juvenile diabetes.

The attending physician stated that her condition was grave and that he was not sure that she was going to make it. Julia, whom we call our "Precious," was transported by helicopter ambulance to

the pediatric intensive care unit at Walter Reed Army Medical Center. As the chopper lifted off, I could never explain the feeling in our hearts that we may never see our little girl alive again.

She was in intensive care for approximately 2 days and then moved to a regular ward after her condition became stable. The great medical staff of Walter Reed saved her life, and for that my wife and I will be eternally grateful.

My daughter's daily regimen with juvenile diabetes consists of having her finger pricked six to eight times a day and receiving two to four shots a day. I made a commitment to God that if I could ever do anything to help cure diabetes I certainly would do it. So I am here, sir, before you today to help my daughter and the many other children and adults with diabetes who endure four to six finger pricks a day and try to regulate and maintain their blood glucose levels.

Anyone who has a loved one with the disease or has the disease him or herself knows the difficulties of controlling ever-fluctuating glucose levels within insulin and diet. With our current technology, it is extremely difficult to maintain tight control of glucose levels over long periods of time and devastating complications such as blindness, kidney failure, amputation, heart disease, and nerve damage are often the inevitable result of a lifetime with this disease.

Largely as a result of these complications, diabetes costs our economy in excess of \$132 billion per year and its financial impact is so severe that one out of every four Medicare dollars is spent on individuals with this disease.

Technologies that would noninvasively monitor diabetics' metabolism, coupled with an ability to provide information remotely or wirelessly, would allow individuals with the disease to monitor their blood sugar levels accurately, constantly, and noninvasively, which would ultimately improve the control of fluctuations in their blood glucose levels and potentially reduce the severe debilitating complications.

Sir, in this way this technology could offer a significant and immediate quality of life of 17 million Americans who suffer from this disease and relieve much of the economic burden of this disease on our Nation.

More broadly, sir, however, the development of wireless, remote, noninvasive technologies that could measure the state of metabolism in an individual would have a significant application in protecting the men and women of our Armed Forces. The subcommittee is undoubtedly aware of the risks that our men and women of the Armed Forces face while in harm's way, but may not be aware of the risks just due to everyday medical problems. Technologies for metabolic monitoring could potentially determine health status and accurately communicate this information. This technology could be used to track key personnel in remote areas and monitor their metabolic changes to determine and prevent distress due to stress or illness.

Furthermore, it would provide an ability to respond quickly in the field by providing technology able to deliver antidotes and drug treatments that may be required by sick or injured personnel, as well as nutritional supplements.

The Technologies in Metabolic Monitoring, the Julia Weaver Fund, sir, is helping to develop better technologies that will benefit those with diabetes while at the same time benefiting the men and women of our Armed Forces. The program was established in 2001 by Congress, JDRF, the Department of Defense, National Institutes of Health, and the National Aeronautics and Space Administration (NASA).

Mr. Chairman, JDRF and I thank you, Mr. Chairman and members of the subcommittee, for your generous funding for this program, which has allowed us to prosper to a truly unique and successful initiative. Sir, I respectfully ask that you continue your support for this initiative by providing \$10 million in fiscal year 2004.

Sir, I understand that this subcommittee is faced with difficult choices and limited resources. But think about the return that you are getting on this investment in medical research. Seventeen million people in this country have it; \$132 billion per year.

Senator STEVENS. General, I have got to stop you. I understand and we have supported you and we will continue to try to support you. We appreciate very much your testimony.

General WEAVER. Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL PAUL A. WEAVER, JR.

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you today on behalf of the Juvenile Diabetes Research Foundation International and in support of \$10 million in funding for the Technologies in Metabolic Monitoring/Julia Weaver Fund (TMM/JWF) Initiative.

As you know, I have had the privilege of appearing before this Subcommittee numerous times in the past in my capacity as the Director of the Air National Guard. But I am before you today as a civilian, who retired after 35 years of military service, to thank you for the funding you have provided for the TMM/Julia Weaver Fund Initiative and to respectfully request your continued support. I also want to thank Senator Inouye for bestowing the title "Julia Weaver Fund" to the TMM program in honor of my four year old daughter who is here with my wife Cathylee and me today.

One month after my retirement from military service, my wife and I took our two and a half year old daughter Julia to the emergency room at Mary Washington Hospital in Fredericksburg, Virginia, a day that truly changed our lives. Prior to that day, we had been told Julia had had the flu. Her condition continued to worsen. On New Years Day morning, we noticed a severe degradation with her overall health. She lost 10 pounds in one week and was losing mental awareness of her surroundings. We proceeded to the emergency room at Mary Washington Hospital where we were told, after her blood was tested, that she had diabetic ketoacidosis—simply put she developed juvenile diabetes. The attending physician stated that her condition was grave and that he was not sure she was going to make it. Julia, whom we call "The Precious", was transported by helicopter ambulance to the Pediatric Intensive Care Unit at Walter Reed Army Medical Center. As the chopper lifted off, I could never explain the feeling in our hearts that we may never see our little girl alive again.

She was in the Intensive Care Ward for approximately two days and then moved to a regular ward after her condition became stable. The great medical staff at Walter Reed saved her life and for that, my wife and I will be eternally grateful. My daughter's daily regimen with juvenile diabetes consists of having her finger pricked 6–8 times a day and receiving 2–4 shots a day. I made a commitment to God that if I could ever do anything to help find a cure for diabetes, I would do it.

So I am here before you today to help my daughter and the many other children and adults with diabetes who must endure four to six finger pricks a day to try to regulate and maintain their blood glucose levels. Anyone who has a loved one with this disease, or has the disease him or herself, knows the difficulties of controlling ever-fluctuating glucose levels with insulin and diet. With our current technology, it is extremely difficult to maintain tight control of glucose levels over long periods of time and devastating complications, such as blindness, kidney failure, amputa-

tion, heart disease, and nerve damage, are often the inevitable result of a lifetime with this disease. Largely as a result of these complications, diabetes costs our economy in excess of \$132 billion per year, and its financial impact is so severe that one out of four Medicare dollars is spent on individuals with the disease.

Technologies that would non-invasively monitor diabetes metabolism, coupled with an ability to provide information remotely (or wirelessly), would allow individuals with the disease to monitor their blood sugar levels accurately, constantly, and non-invasively, which could ultimately improve the control of fluctuations in their blood glucose levels and potentially reduce the severity of debilitating complications. In this way, this technology could offer a significant and immediate improvement in the quality of life of 17 million Americans who suffer from this disease and relieve much of the economic burden of this disease on our nation.

More broadly, however, the development of wireless, remote, non-invasive technologies that could measure the state of metabolism in an individual would have a significant application in protecting the men and women of the armed forces. The Subcommittee is undoubtedly aware of the risks that our men and women of the armed forces face while in harm's way, but may not be aware of their risk due to everyday medical problems. Technologies for metabolic monitoring could potentially determine health status and accurately communicate this information. This technology could be used to track key personnel in remote areas and monitor their metabolic changes to determine and prevent distress due to stress or illness. Furthermore, it would provide an ability to respond quickly in the field by also providing technology able to deliver antidotes and drug treatments that may be required by sick or injured personnel, as well as nutritional supplements.

The Technologies in Metabolic Monitoring/Julia Weaver Fund Initiative is helping to develop better technologies that will benefit those with diabetes, while at the same time benefiting the men and women of the armed forces. This program was established in 2001 by the direction and with the support of Congress and close involvement of JDRF and several agencies including the Department of Defense (DOD), the National Institutes of Health (NIH) and NASA. Now in its third year, the program has high-level recognition in the metabolic monitoring community as a program that will foster innovation.

Just to demonstrate how this program has grown over the past three years, in fiscal year 2001 the U.S. Army Medical Research and Materiel Command (USAMRMC), which manages this initiative, received 16 applications and supported 5 novel metabolic monitoring research projects and a highly successful workshop. In fiscal year 2002, the program received \$2.5 million in appropriations and was expanded to include academic, industry, civilian and defense researchers. As a result, 48 applications were received and following a highly competitive review, an additional 12 novel metabolic monitoring research projects received seed grants for one year. These grants should allow researchers to generate enough data to be well placed to seek funding from other established research sources. The USAMRMC is currently accepting applications for the \$4.3 million in fiscal year 2003 funding as provided by this Subcommittee.

JDRF and I thank you Mr. Chairman and Members of this Subcommittee for your generous funding for this program, which has allowed it to prosper into a truly unique and successful initiative. The attached research summaries demonstrate the high level of innovation that has been pursued with these funds. I respectfully ask that you continue your strong support for this initiative by providing \$10 million in fiscal year 2004. This funding would allow the USAMRMC to capitalize on the opportunities provided by the fiscal year 2002 and 2003 funding. In addition, it will enable the USAMRMC to expand this initiative in order to support more of the high-quality research, in particular to support promising military-academia-industry partnerships and continue to stimulate communication between these groups.

I understand that this Subcommittee is faced with difficult choices and limited resources, but think about the return that you are getting on the investment in this medical research. Diabetes currently affects about 17 million people and cost this country \$132 billion per year. One out of every four Medicare dollars is spent on caring for people with diabetes. Continued and substantial funding for the Technologies in Metabolic Monitoring/Julia Weaver Fund Initiative could help to ultimately save the United States billions of dollars in health care costs, improve the quality of life for those with diabetes, and better protect the lives of our men and women in the armed forces in the field.

I thank you for the opportunity to appear before you today. You give my family and I great hope that the daily burden of diabetes will some day be eased as a result of the innovation arising from the TMM/Julia Weaver Fund Initiative.

FISCAL YEAR 2001 RESEARCH SUMMARIES

Interstitial Metabolic Monitoring During Hemorrhagic Shock is a plan to assess variations in interstitial concentrations of potassium, lactate, pyruvate, glucose, calcium, and magnesium with the progression of hemorrhagic shock. A method of microdialysis in an animal model is used to provide continuous monitoring of tissue composition in skeletal muscle and liver. Parameters are compared to their corresponding serum concentrations and to hemodynamic parameters, cardiac contractility, tissue levels of Na^+ , K^+ , ATPase and vascular smooth muscle membrane potentials. The effects of fluid resuscitation in both early and late stages of shock are being examined to evaluate the hypothesis that decompensation results from potassium-mediated vasodilation and/or loss of cardiac contractility.

Non-Intrusive Method of Measuring Internal Metabolic Processes is developing a mathematical model describing the non-intrusive transfer and collection of cortisol from cutaneous capillaries, a membrane based microvolume cortisol assay, and a prototype sampling system to enable transfer of sample to the detection membrane. After developing this system they will evaluate the performance of the prototype sample collection/sample detection system.

The Warfighter's Stress Response: Telemetric and Noninvasive Assessment proposes to provide evidence for a noninvasive, objective assessment of operational performance under highly stressful training situations by developing baseline psychological and biological profiles that predict superior performance under highly stressful training situations. To accomplish this, the investigators plan to develop and further refine models that characterize stress-induced psychological and biological responses that are associated with superior performance under highly stressful training situations and to develop and further refine a telemetric device for the measurement of Heart Rate Variability.

Integration and Optimization of Advanced, Non-invasive, Ambulatory Monitoring Technologies for Operational Metabolic Monitoring is developing a wireless monitoring platform that can accept information from a variety of physiologic, environmental, and appropriate external sensors that can be coupled to mathematical models that permit feedback to the individual on the status of their physiological status.

Measurement of IGF-I During Military Operational Stress via a Filter Paper Spot Assay is studying the Insulin-like Growth Factor-I (IGF-I) to test the hypothesis that the filter paper blood spot method will be an inexpensive and field-expedient method for monitoring the metabolic and health status of soldiers during field and combat situations. The aim of this study is to determine whether the filter paper blood spot collected in a field environment can accurately measure IGF-I and IGF-I binding protein-3 (IGFBP-3) and subsequent changes during stressful training.

FISCAL YEAR 2002 RESEARCH SUMMARIES

Metabolic Rate Monitoring and Energy Expenditure Prediction Using a Novel Actigraphy Method, (Principle Investigator, Daniel S. Moran) has proposed to develop a new, simple, non-invasive method based on actigraphy data for monitoring metabolic rate and predicting energy expenditure.

Portable Physical Activity Monitors for Measuring Energy Metabolism in ROTC Cadets, (Principle Investigator, Kong Y. Chen) has proposed to develop and validate non-invasive, portable techniques for monitoring detailed physical activity, to accurately predict EE, and to determine specific PT-related energy costs and physiological responses in ROTC cadets for short and long-term periods.

Skin Bioengineering: Non-invasive, Transdermal Monitoring, (Principle Investigator, Richard H. Guy) has proposed to develop and optimize a novel, non-invasive, iontophoretic approach for metabolic monitoring via the skin.

Fluorescent Polymer Implant for Continuous Glucose Monitoring and Feedback, (Principle Investigator, Ralph Ballerstadt) has proposed develop and characterize a minimally invasive near-infrared fluorescent polymer sensor designed for transdermal glucose monitoring in interstitial fluid in dermal and subdermal skin tissue. The sensor is designed to be implanted by injection just beneath the superficial layers of the skin. Simple and inexpensive instrumentation can be used to interrogate the fluorescent properties of the sensor that will vary in response to local glucose concentrations. The concept of the proposed implant device is one of most promising technologies currently pursued in glucose-sensor research.

Towards Minutized, Wireless-Integrated, and Implantable Glucose Sensors, (Principle Investigator, Diane J. Burgess) has proposed to develop autonomous sensory devices, using low-power CMOS microelectronics architecture interfaced with an inductively coupled power supply and with logic and communication functions, thus allowing for total implantation. Integrate a glucose oxidase-based electro-

chemical sensor with the above microelectronic device and further equip it with recently developed coatings geared to improve sensor stability.

Implantable Multi-Sensor Array for Metabolic Monitoring, (Principle Investigator, David A. Gough) has proposed to develop a disc version of the multi-sensor array and demonstrate its feasibility as a tissue implant in hamster and pig models with signals conveyed by wire, and to develop preliminary signal processing and data management strategies.

Improved Metabolic Monitoring and Hyperspectral Methods for Wound Characterization, (Principle Investigator, Stuart Harshbarger) has proposed to provide new tools and methods for monitoring metabolic activity in the region of a wound, and to improve the ability to predict the healing response of the wound to external stimuli such as dietary intake and patient metabolic activity.

Evaluation and Refinement of a System and a Method for the Use of Hyperspectral Imaging for Metabolic Monitoring, (Principle Investigator, James Mansfield) has proposed to refine a prototype HSiMM system and to characterize its ability to quantify local changes in cutaneous hemoglobin saturation during a variety of types of metabolic stress. The relationship of these changes to several factors influencing cutaneous physiology will also be determined.

Non-Invasive Monitoring of Insulin-like Growth Factor-I During Differential Physical Training Programs in Warfighters, (Principle Investigator, Bradley C. Nindl) has proposed to non-invasively monitor insulin-like growth factor-I (IGF-I) during physical training in Warfighters by employing a novel, patented method of sampling interstitial fluid (ISF) via a non-invasive, continuous vacuum pressure via micropores in the stratum corneum.

A Minimally-Invasive Dual-Analyte Minutized Continuous Sensor for Glucose and Lactate, (Principle Investigator, W. Kenneth Ward) has proposed to develop a miniature (300 μm) wire sensor for continuous and simultaneous amperometric monitoring of interstitial glucose and lactate.

A Hydrogel-Based, Implantable, Micromachined Transponder for Wireless Glucose Measurement, (Principle Investigator, Babak Ziaie) has proposed to develop a hydrogel-based, implantable, micromachined transponder for wireless glucose measurement.

Senator STEVENS. The next witness is General, Major General Retired Robert McIntosh, Executive Director, Reserve Officers Association.

STATEMENT OF MAJOR GENERAL ROBERT McINTOSH, USAFR (RETIRED), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

General McINTOSH. Mr. Chairman, on behalf of the members of the Reserve Officers Association—

Senator STEVENS. Thank you for bringing her in here, General.

General WEAVER. Yes, Mr. Chairman.

Senator STEVENS. We all like to see your daughter. Thank you. Yes, go ahead.

General McINTOSH. On behalf of the members of the Reserve Officers Association (ROA) from each of the uniformed services, I thank you for your generous support in the past and for the opportunity to present the association's views and concerns relating to the Reserve components in the National Defense Appropriations Act for fiscal year 2004.

While the transformation process proposed by the Department of Defense is visionary and bold, ROA is concerned about a number of its provisions. We believe that there are appropriations implications that have not been directly addressed in the appropriations process, that there is a lack of specificity regarding operating authority, and that there is a "one size fits all" approach to some problems that are raised on these difficult and complex budgeting issues.

In the interest of time, I will only cover two of our concerns. The first is the address of the integrity of Reserve component appro-

priations. The fiscal year 2004 defense budget request was predicated in part upon a major change in the way the services' active duty and Reserve component appropriations are structured. Assuming congressional acquiescence, the Department combined the personnel appropriations into a single appropriation for each service. This was ostensibly done to enhance funding efficiencies in management.

Unfortunately, it also undermines the Reserve chiefs' authority as their component's funding directors and impairs their accountability for preparing their components for mobilization. It also, in our view, seriously compromises and diminishes the Congress' constitutionally mandated responsibility to provide oversight to the Armed Forces. It is not in our view a good idea.

In the recent DOD transformation proposal, the Department has requested authority to call reservists to active duty for training for up to 90 days in preparation for mobilization. This training would take place before issuance of mobilization orders and thus would be in addition to, not a part of, congressionally-mandated limitations on activation authorities.

Family and employer support could suffer. ROA believes that any such training, particularly of significant length, should be a part of the mobilization process and start the clock for tour length and associated benefits. The question of when this training begins is also significant. If it begins before the mobilization process, it is a Reserve cost, which could jeopardize other essential training. After mobilization, it is an active duty cost that could deter gaining commanders from including the Reserve component assets in war plans. The 90-day activation for training proposal as written is in our view not a good idea.

In conclusion, our Reserve forces have consistently demonstrated their worth as combat multipliers and as a critical link to the civilian community. They are the litmus test and enabler of the Nation's resolve. With your continued support, they will continue to perform in a superb manner as essential elements of the total force.

We thank you, Senator.
[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL ROBERT A. MCINTOSH

Mr. Chairman and Members of the Subcommittee: On behalf of the members of the Reserve Officers Association from each of the uniformed services, I thank you for the opportunity to present the association's views and concerns relating to the Reserve components and the National Defense Appropriations Act for fiscal year 2004.

To say that this is an extraordinary year, a year like no other in recent history has become a truism that belies the harsh reality of September 11th and its aftermath in Afghanistan and now Iraq. So much has changed so obviously in our outlook, our way of living, and our approach to doing the nation's business that it requires no further enumeration.

In the National Defense Authorization Act for fiscal year 1991, the Congress stated that "the overall reduction in the threat and the likelihood of continued fiscal constraints require the United States to increase the use of the Reserve components of the Armed Forces. The Department of Defense should shift a greater share of force structure and budgetary resources to the Reserve components of the Armed Forces. Expanding the Reserve components is the most effective way to retain quality personnel as the force structure of the Active components is reduced . . . The United States should recommit itself to the concept of the citizen-soldier as a corner-

stone of national defense policy for the future.” One can argue about the reduction of the threat, but the increased use of the Reserve components is clearly upon us.

Greater Reliance on Reserve Components

The 50 years of reliance on a large, Cold War, standing military have ended. Confronted with sizeable defense budget reductions, changes in the threat, and new missions, America’s military answer for the future must be a return to the traditional reliance on its Minutemen—the members of the Reserve components. Can America’s Reservists fulfill their commitment to the Total Force—can they meet the challenge?

Operations Desert Shield and Desert Storm proved that the Reserve components were ready and able. During the Gulf War, more than 265,000 Reservists were called to active duty. Of the total mobilized, 32 percent were from the National Guard and 67 percent from “the Reserve.” More than 106,000 Reservists were deployed to Southwest Asia. About 20 percent of the forces in the theater were members of the Reserve components.

In Bosnia and Kosovo, more than 48,000 Reservists have again demonstrated their readiness and their capability to respond to their nation’s call. For the past several years, the Reserve components have provided approximately 12.5 million support days to the Active components annually. That equates to some 35,000 support-years annually, the equivalent of two Army divisions. Thus far, Operation Iraqi Freedom has seen nearly 230,000 Reservists called to active duty. The demobilization has already begun for many; but many Reservists will continue to serve on active duty in the theater of operations and here in the United States and overseas.

A strong, viable Reserve force is an inseparable part of America’s military, a cost-effective augmentation to the Active force and the marrow of the mobilization base. Ultimately, mobilizing Reserve forces is the litmus test and the enabler of public support and national will. The early and extensive involvement of the Guard and Reserve in the Gulf War was instrumental in achieving the strong public support of the military and our national objectives. However transformation plays out, our Reserve forces will continue to have a major role.

Reserve Components’ Cost-Effectiveness

ROA has long maintained that a proper mix of Active and Reserve forces can provide the nation with the most cost-effective defense for a given expenditure of federal funds. Reservists provide 55 percent of the Total Force, but cost only 8.0 percent of the fiscal year 2004 DOD budget. They require only 23 percent of active-duty personnel costs, even when factoring in the cost of needed full-time support personnel. We need only consider the comparable yearly personnel (only) costs for 100,000 Active and Reserve personnel to see the savings. Over a 4-year period, 100,000 Reservists cost \$3 billion less than 100,000 Active duty personnel. If the significant savings in Reserve unit operations and maintenance costs are included, billions more can be saved in the same period. ROA is not suggesting that DOD should transfer all missions to the Reserve, but the savings Reservists can provide must be considered in transformation-driven force-mix decisions. It is incumbent upon DOD to ensure that the services recognize these savings by seriously investigating every mission area and transferring as much structure as possible to their Reserve components.

Transformation Concerns

While the transformation process proposed by the Department of Defense is visionary and bold, ROA is concerned about a number of its provisions. We believe that there are appropriations implications that have not been directly addressed in the appropriations process; that there is a lack of specificity regarding operating authority; and that there is a one-size-fits-all approach to some problems that raises more difficulties than it resolves. Here we will mention only three:

—*Integrity of Reserve Component Appropriations.*—The fiscal year 2004 defense budget request was predicated in part upon a major change in the way the services’ active duty and Reserve component appropriations are structured. Assuming congressional acquiescence, the department combined the personnel appropriations into a single appropriation for each service. This was ostensibly done to enhance funding efficiency and management. Unfortunately it also undermines the Reserve chiefs’ authority as their components’ funding directors, and impairs their accountability for preparing their components for mobilization. It also, in our view, seriously compromises and diminishes the Congress’s constitutionally mandated responsibility to provide oversight to the Armed Forces. It is not a good idea.

—*Term Limits.*—The Department of Defense very recently requested sweeping changes in the way it manages its workforce. No doubt much of what was re-

requested needs doing, but we are asked to take a great deal on faith, and at least some of the changes requested appear to us to be flawed. One proposal would eliminate the congressionally established term limits for specific key officials in the department's leadership. ROA is concerned that eliminating such defined tour lengths (minimum and maximum) will have a very negative impact on the ability of Reserve component senior leaders to speak their minds freely and to contribute meaningfully during the policy-making process. In other words, the proposal to eliminate congressionally mandated tour lengths for the Reserve component chiefs would have a chilling effect on their ability to represent the needs of the people they command—the Reserve forces. The removal of minimum tour lengths would open the door for early dismissal or retirement when what was expressed by Reserve component leaders was not necessarily the desired department solution. The proposal to eliminate mandated tour lengths for Reserve component chiefs is not a good idea.

—*Skill Training.*—In the same proposal, the department has requested authority to call reservists to active duty for training for up to 90 days in preparation for mobilization. This training would take place before issuance of mobilization orders, and thus would be in addition to, not a part of, congressionally mandated limitations on activation authorities. Family and employer support could suffer. ROA believes that any such training, particularly of significant length, should be a part of the mobilization process and start the clock for tour length and associated benefits. The question of when this training begins is also significant. If it begins before the mobilization process, it is a Reserve cost, which could jeopardize other essential training; after mobilization, it is an active duty cost that could deter gaining commanders from including Reserve component assets in their war plans. The 90-day activation for training proposal, as written, is not a good idea.

I will now address service-specific issues.

ARMY RESERVE

We thank the Congress for its support of the Army and its approval of the Army's Reserve component fiscal year 2003 budget request. These funds will significantly improve the quality of life and training capabilities of the Army Reserve and the Army National Guard as they meet the challenges of the 21st century. While the Army is undergoing a major transformation it is also engaged in the Global War on Terrorism and in a major ground conflict in Iraq. While current operations receive the major share of resources and attention we must also fund the legacy force, modernization and fielding of equipment, the education and training of today's and tomorrow's leaders, family support programs to support the spouses and families left behind, the evolving needs of homeland defense, and needed maintenance and repair and recapitalization of the facility infrastructure.

For fiscal year 2004 the expected Army's total obligation authority (TOA) for its Active, Guard, and Reserve components is \$93.9 billion, an increase of \$3 billion over fiscal year 2003 but still only 24 percent of the total \$379.9 billion defense budget. The fiscal year 2004 budget request, as have previous budgets, critically underfunds the Army Reserve personnel, operation and maintenance, equipment procurement, and military construction accounts. These resourcing shortfalls will adversely affect readiness and training and ultimately the quality of life, the morale, and the retention of these highly motivated and patriotic citizen-soldiers.

The Army Reserve's projected share of the Army budget request in the fiscal year 2004 DOD budget request is \$5.3 billion or 5.8 percent of the entire \$94 billion Army request—a tremendous force structure and readiness bargain for the investment. Separated into the Reserve Personnel, Army (RPA) and the Operation and Maintenance, Army Reserve (OMAR) accounts, the request is for approximately \$3.62 billion RPA and \$1.9 billion OMAR. With the large number of Army Reservists mobilized and receiving pay from the active duty pay accounts, initial projections suggest that the fiscal year 2004 RPA account, with a few exceptions, will adequately fund the majority of the RPA accounts. However the OMAR, MILCON, and equipment accounts still require considerable plus-ups to fully fund known requirements—requirements that were identified during the development of the president's budget, but because of insufficient funding fell below the line and were not resourced.

Critical/executable funding shortfalls identified in the RPA and OMAR areas alone are expected to exceed \$248 million. Not included in this \$248 million shortfall is the Army Reserve's estimate that it will require \$1 billion to modernize and transform its aging equipment inventory. Also not included in the overall shortfall

of funding is the estimated \$1 billion backlog in required Army Reserve military construction.

Reserve Personnel, Army (RPA)

The fiscal year 2004 requested end strength for the Army Reserve is 205,000. Reliance on the Guard and Reserve for involvement in real world operations and domestic contingencies increased considerably during the last decade and significantly in response to the events of September 11 at the World Trade Center and at the Pentagon. The Army Reserve is a full partner in the Army's real world operations, the war against terrorism, and the ongoing war in Iraq. Adequate RPA funding to support the training of the Reserve to enable it to support the Army and our national military strategy remains critical. The most visible funding shortfall for RPA in the fiscal year 2004 \$3.62 billion RPA budget request is funding for professional development training.

Professional Development Education.—Funding for this program provides formal professional education programs of varying lengths which qualify Reservists for promotion and train them to meet the challenges of leadership and the ever evolving modernization and Army transformation. Without the required funding Army Reservists will not be educationally qualified for promotion and possibly be denied continuation in the Army. The fiscal year 2004 \$108.7 million program has been funded at \$72.4 million leaving an executable/critical shortfall \$36.3 million

Operations and Maintenance, Army Reserve (OMAR)

The fiscal year 2004 DOD budget request for the Army Reserve Operations and Maintenance (OMAR) account is \$1.9 billion. We believe there is at least a \$212.6 million executable/critical OMAR shortfall in the fiscal year 2004 budget request that will force the Army Reserve to compensate by further reducing equipment and facility maintenance, and supply purchases.

Currently the expected OMAR appropriation is experiencing serious resourcing shortfalls in force protection and anti-terrorism, environmental programs, secure communications, network service, BASOPS, depot maintenance, and family support programs. Some critical shortfalls are shown below:

(In millions of dollars)

Force Protection/Anti-Terrorism	36.5
Environmental Programs	22.8
Secure Communications	23.9
Network Service/Data Center	9.0
BASOPS to 95 percent	93.8
Depot Maintenance	22.7
Family Support Programs	3.9
Total	212.6

Secure Communications

There are insufficient resources to fund Army Reserve secure communications needed to secure DOD's integrated world-wide common-user network for exchanging secure and non-secure data, voice and video information. The Army Reserve \$49.4 million program is underfunded by \$23.9 million or 48 percent of its validated requirement. The \$49.4 million program has been funded at \$25.5 million (52 percent) leaving an executable/critical shortfall of \$23.9 million.

Army Reserve Base Operations (BASOPS)

BASOPS programs provide essential services at Army Reserve controlled installations (including two of the Army's power projection platforms) and USAR regional support commands. Services include the operation of utilities; real estate leases; municipal services, to include pest control, refuse handling operations, snow and ice removal, public works management, master planning, fire and emergency services, real property exchanges; information management; logistics services, including maintenance of material transportation, supply, laundry and dry cleaning and food services.

This shortfall could adversely affect physical security, logistical support and the Army Reserve's ability to make payments for leases and utilities. The Army's goal is to fund the program at the 95 percent level. The \$340.3 million program has been funded at \$229.5 million (68 percent) leaving an executable/critical shortfall of \$93.8 million at the 95 percent funding level.

Army Reserve Fiscal Year 2004 Depot Maintenance

The Army has insufficient TOA to fully resource all depot level maintenance required to meet wartime readiness levels. The lack of funding will exacerbate the degradation of aging equipment and negatively affect USAR unit readiness, specifically the tactical wheeled vehicle fleet, and hinder the USAR's ability to provide combat support/combat service support (CS/CSS) to Active Army combat forces. Failure to fund this requirement delays the deployment of forces from CONUS to the theater of operation as well as limits the Army Reserve's ability to respond to civil authorities in support of homeland security. The \$77.7 million program has been funded at \$55.0 million (71 percent) leaving an executable/critical shortfall of \$22.7 million.

OMAR Summary

ROA urges the Congress to add \$212 million to support these neglected and critically underfunded Army Reserve OMAR programs.

National Guard and Reserve Equipment Request (USAR)

The Office of the Secretary of Defense in its February 2002 "National Guard and Reserve Equipment Report for fiscal year 2003", states that the Army Reserve has 93 percent of its Equipment Readiness Code A (ERC A) equipment items on-hand for all of its units. Currently the Army Reserve is short \$1.75 billion of mission essential equipment and a large portion of the equipment is nearing, or already past, its Economical Useful Life (EUL). Realistically, the equipment on hand (EOH) includes substituted equipment—some that is not compatible with newer equipment in the Active Army, Army National Guard, and Army Reserve equipment inventory and may not perform as required. Substituted equipment continues to cause equipment compatibility problems that degrade Army Reserve readiness and its ability to support its CS and CSS mission.

The greatest source of relief to Army National Guard and Army Reserve equipment shortfalls is the National Guard and Reserve Equipment Appropriation (NGREA) that funds equipment requirements identified by the services but not resourced due to funding shortfalls in the FYDP. Since 1981 the Army Reserve has received, through the oversight of Congress, over \$1.5 billion in equipment through the NGREA. Without the appropriation the Army Reserve would still be struggling to reach 50 percent EOH. The NGREA works, and works well.

ROA urges the Congress to continue the NGREA and to fund a minimum \$200 million of the Army Reserve's \$866 million fiscal year 2004 Equipment Modernization Requirement.

AIR FORCE RESERVE

In the past three decades, Air Force Reserve members have seen the lines blur between their being a part time force and a full time force as they have increased their mission areas and proven that their knowledge, experience, and diversity are important contributors to our nation's security. The Air Force Reserve has built a force that can reshape itself into quick responders or peace maintainers.

The Air Force Reserve is the fourth largest major command in the Air Force and provides 20 percent of the Air Force capability for only 3.25 percent of the total Air Force budget. These remarkable numbers are possible in part to the command leading the way in leveraging the costs of forces by partnering with active duty in associate units, in which reservists share flying and maintenance responsibilities by augmenting active duty forces without additional physical structure.

The mobilizations for Operation Enduring Freedom and Operation Noble Eagle have shown us that many of the problems, which occurred during Desert Shield/Desert Storm, were not peculiar to that effort because they are reoccurring. The increased utilization of Reservists underscores the need to reduce policy differences between active and reserve, reduce the reservist out-of-pocket costs and maintain their readiness.

From 1953 to 1990 the Air Force Reserve contributed forces to 11 contingency and real world operations during that 38-year period compared to over 50 operations in 11 years from 1991 to now.

The ROA urges the Congress of the United States to appropriate funds for the following:

MISSION SUPPORT

[Dollars in millions]

Requirement	Cost	Description
AFR BMT Increases	\$10.0	Adds 275 BMT and 3-level technical training quotas due to projected increase in non-prior service recruits. Current accession quotas do not sustain force requirements—brings BMT total to 2,434 annual accessions across FYDP.
AFR Recruit Advertising	4.3	Past and current AFRC advertising budget has not kept pace with increases in marketing costs or with other services.
AFR BMT Increase (Long Haul)	0.8	Adds 1,566 BMT and 3-level tech training quotas due to projected increases in non-prior recruits. Current accession quotas do not sustain force requirements—brings BMT total to 4,000 annual accessions across FYDP.
AFR Security Forces Manpower	14.5	Provides Long Haul growth of 588 total authorized (548 enl. AGRs, 38 civilian, 2 off. AGRs); plus 576 A/B MoBags, weapons, LMRs, vehicles and other FP equip. 12 of the AGRs require no equipment.

According to Lieutenant General James E. Sherrard, Chief of Air Force Reserve, “The first bombs fell from Reserve aircraft on 7 October, day one of Operation Enduring Freedom. Of the 75,000 members in the command, 13,000 were activated with an additional 20,000 positions filled through volunteerism.” As part of this, approximately 4,500 reservists continue to serve in a second year of mobilization. Now as our country faces the challenges of Iraq, the Air Force Reserve has contributed 13,000 members as of 20 March 2003.

The ROA urges the Congress of the United States to appropriate funds for the following:

MODERNIZATION

Aircraft	Location	Description
C-5	Wright-Patterson AFB OH Lackland AFB TX Westover AFB MA Dover AFB DE Travis AFB CA	Modernize C-5s for Avionics Modernization Program (AMP) and Reliability Enhancement Re-engining Program (RERP) to increase operational ability and reduce maintenance costs.
C-17	March ARB, CA	Replace C-141s being phased-out of service by fiscal year 2006.
WC-130J	Keesler AFB, MS	Complete upgrade of aircraft for the “Hurricane Hunters” mission and continue as a Reserve mission.
C-40	Scott AFB, IL	Replace C-9s being phased out of service by fiscal year 2006.

In 2002, the Air Force Reserve Command simultaneously met their mission requirements in Aerospace Expeditionary Force (AEF) rotations, global exercises, ongoing operations and readiness training. While balancing these demands, specialty missions for weather, aerial spray and firefighting were also completed.

The ROA urges the Congress of the United States to appropriate funds for the following:

EQUIPMENT

[Dollars in millions]

Requirement	Cost	Description
C-130J Radar	\$50.0	Upgrade will correct display inconsistencies range, minimize startup attenuation errors, and add capability to increase range distance for identification of hazards for 10 aircraft.
C-17 Aircrew Training System	20.0	Procures aircrew training system for March ARB.
F-16 LITENING II AT Upgrade Modification	16.2	LITENING II is a multi-sensor pod providing a precision strike capability.
F-16 LITENING II AT POD Procurement	14.4	Additional targeting pods are needed for the Air Force Reserve to support ONE, OEF, local training, pod replacement and future contingencies.

EQUIPMENT—Continued

[Dollars in millions]

Requirement	Cost	Description
F-16 Color Display	16.0	Hi-definition color multifunction displays will enable the F-16 to display more precise, informative pictures improving interpretation, situational awareness, and increasing visual acuity for target recognition with electro-optical weapons and targeting systems.
A-10 Targeting Pods	48.0	Additional targeting pods are needed for the AFRC to support ONE, OEF, local training and future contingencies.

NAVAL RESERVE

The Naval Reserve has mobilized over 17,500 Selected Naval Reservists in direct support of Operations Noble Eagle, Enduring Freedom, and, most recently, Operation Iraqi Freedom. The majority of these Naval Reservists have been recalled individually based on specific skills. They include significant numbers of law enforcement officers and augmentees to combatant commands. Entire units of the naval coastal warfare commands were activated. Medical, supply, mobile construction force, intelligence and other specialties have been heavily tasked. Naval Reserve pilots are maintaining the flow of personnel and materiel to the theater of operations.

Funding for fiscal year 2003 enabled the Naval Reserve to resource peacetime contributory support, bonuses, a substantial pay raise, real property maintenance, base operating support, and recruiting advertising/support. It is clearly evident that Congress has given full recognition to the significant and well-recognized compensating leverage offered by today's Naval Reserve, which represents 19 percent of the Navy, yet expends only 3 percent of the budget.

Although funding levels appropriated for fiscal year 2003 and proposed for fiscal year 2004 sufficiently provide for the operation, maintenance, and training of the Naval Reserve, continued Naval Reserve force structure reductions represent a disturbing trend. Whether structural reductions are accomplished in a good-faith effort toward transformation or simply to provide a financial offset for a higher priority active program, the net effect is a reduction in the capability of the Naval Reserve to provide both peacetime contributory support and a war time surge capability.

Structural reductions in the fiscal year 2004 budget include the decommissioning of VFA-203, all eight NMCB augment units, one naval construction force support unit and one of four Naval Reserve fleet hospitals. Additionally, the Navy budget for fiscal year 2005 calls for the decommissioning of VAW-78, as part of the elimination of much of CAG-20, and the conversion of 3 of 7 VP squadrons to augment units. The Navy has indicated that it intends to deconstruct the entire Reserve helicopter wing in fiscal year 2005, to include decommissioning the only two currently mobilized combat search air rescue (CSAR) squadrons, HCS-4 and HCS-5, in the entire Navy.

ROA strongly urges the Congress to hold the line against these major structural reductions. As a policy, it appears that the Navy is embarking on the complete deconstruction of the Naval Reserve force structure. ROA requests that the Congress hold hearings with the objective of discovering the Navy's strategy, goals and anticipated benefits of this deconstruction. Moreover, ROA strongly urges the Congress to provide full funding as described below for the hardware procurement and modernization required to maintain the Naval Reserve as a viable and cost-effective force multiplier.

Equipment Modernization

Over the past years, much of the progress made in improving the readiness and capability of Naval Reserve units has been the direct result of congressional action. Specifically, the willingness of the Congress to designate new equipment for the Naval Reserve in the National Guard and Reserve Equipment Appropriation (NGREA) and to earmark funding for the Naval Reserve in the traditional procurement appropriations was instrumental in maintain equipment currency and operational readiness. In fiscal year 2004, the Navy included additional funding in its budget request to support Naval Reserve equipment modernization. Specifically, funding for one C-40A aircraft, C-130T aircraft upgrades naval coastal warfare boats and equipment upgrades and Naval Construction Force equipment procurement was included in the budget submission to Congress. Although a major step in the right direction, additional funding is urgently required to support Naval Reserve

equipment modernization unfunded requirements that exceed \$350 million in fiscal year 2004 alone.

As the number one equipment funding priority of the Naval Reserve, the Boeing C-40A transport aircraft, which is replacing the Naval Reserve's 27 C-9B and DC-9 aircraft, is of vital importance to operational commanders, because the Naval Reserve provides 100 percent of the Navy's organic lift capability in support of Naval Component and Fleet Commanders logistics requirements. The average age of Naval Reserve C-9 aircraft is nearly 30 years. Aircraft obsolescence is being reached because of deficiencies in the avionics suite, power plant, and the overall aging of the airframe. In addition, existing C-9 engines do not meet current international environmental and noise abatement requirements that eventually could result in the exclusion of C-9 aircraft from airspace in specific regions of the world. Finally, the cost of maintaining the C-9 fleet increases annually as the aircraft get older. The Navy has contracted for seven C-40A's and six have been delivered. The balance of the Naval Reserve's requirement is for an additional 20 C-40s.

Equipment modernization is a critical priority for the Naval Reserve. ROA strongly urges the Congress to provide \$330 million to support the vital and continuing Naval Reserve unfunded equipment needs in fiscal year 2004.

Marine Corps Reserve

With over 20,000 Marine Corps Reservists mobilized for Operations Iraqi Freedom, Enduring Freedom and Noble Eagle, over 50 percent of the Marine Corps Reserve have been recalled under the partial mobilization declared by the President. As we write, the 1st Marine Expeditionary Force is streaming toward Baghdad, with approximately 15,000 Marine Corps Reservists in the CENTCOM Area of Responsibility (AOR) and in the battle. Marine Corps Reservists are integrated at every level of joint operations, force structure and forward support, in theater and in the United States. Marine Corps Reservists are in every theater of the war on terrorism. In Guantanamo Bay, Cuba, they continue guarding Al Qaeda detainees and in Afghanistan securing the heartland of the Taliban. Every Marine, whether Active or Reserve, is first and foremost a Marine and a rifleman.

ROA urges the Congress to maintain Selected Marine Corps Reserve end-strength at 39,600 (including 2,261 Active Reservists).

Funding Shortfalls

The request to support the Marine Corps Reserve appears to be underfunded in the Aircraft Procurement, Navy (APN), Operation and Maintenance, Marine Corps Reserve (O&MMCR), Reserve Personnel, Marine Corps (RPMC) and Procurement, Marine Corps (PMC) appropriations. Maintaining the necessary funding to pay, educate, and train our Marine Reservists, and to enable the units of the Marine Forces Reserve to conduct appropriate training and operations with current fleet compatible equipment is the vital first step to combat readiness and sustainability.

Additional O&MMCR funds are needed for initial issue of equipment, replenishment and replacement of equipment, exercise support, and organizational and depot maintenance. Only by equally equipping and maintaining both the Active and Reserve forces will Total Force integration be truly seamless. Foremost is the maintenance of aging equipment. The Marine Corps Reserve armored vehicles' age, coupled with increased use, contribute to this requirement. The Initial Issue Program also continues to be a top priority. This program provides Reserve Marines with the same modern field clothing and personal equipment issued to their Regular Marine counterparts: improved load bearing equipment, all purpose environmental clothing systems (APECS)/3rd generation Gortex, small arms protective inserts, outer tactical vests, light weight helmets, modular general purpose tent systems, modular command post systems, and lightweight maintenance enclosures. Modern equipment continues to be critical to the readiness and capability of the Marine Corps Reserve. Although the Marine Corps attempts to implement fully the single acquisition objective philosophy throughout the Marine Corps Total Force (Active and Reserve), there are some unfilled Reserve equipment requirements that have not been met because of funding shortfalls.

To achieve the readiness necessary to quickly mobilize and augment the Active Marine Forces in time of national emergency, Marine Forces Reserve units must be equipped in the same manner as their Active force counterparts. The top modernization requirement of Marine Corps Reserve continues to be Engineering Change Proposal 583 (ECP-583), which will make its F/A-18A aircraft compatible with the F/A 18 Cs utilized by the Active force. As part of a complete modernization to achieve complete Force interoperability and support compatibility, this initiative will upgrade the aircraft to state of the art avionics and weapons systems. A safe and consistent fielding of the V-22 Osprey tilt rotor flight system is critical to the future

readiness of Marine Corps aviation. Reserve CH-46Es will not be replaced for at least another 10 years at the current planned production rate. Further, until the V-22 is fielded to the Reserve, the Marine Corps Reserve will not be able to take full advantage of the skills of V-22-trained Marines who separate from the Active forces. The increasing cost of CH-46E maintenance and this potential loss of V-22 expertise can be avoided by earlier fielding of the V-22 across the Total Force. As current operations in Iraq highlight, the CH-53 helicopter night vision system is critical to success. This system provides an improved night and adverse weather capability for this helicopter, a mainstay of forward deployed combat operations. It provides aircrews and embarked ground force commanders video displays with infrared imagery overlaid with flight information and navigational data.

With network-centric warfare, it is vital that Marine Corps Reserve units and individual Reservists be able to communicate securely and robustly. Two major shortfalls are in the area of radio communications: the PRC 117 multi-band radio for counterintelligence HUMINT Equipment Program (CIHEP) and the PRC 148 handheld radio. The full purchase of the PRC 148 will enable the consolidation of a half a dozen radio systems into one Marine Corps-wide system.

AVIATION EQUIPMENT FUNDED THROUGH AIRCRAFT PROCUREMENT NAVY APPROPRIATION

[Dollars in millions]

Item	Cost	Number Req.
MARINE CORPS RESERVE FISCAL YEAR 2004 UNFUNDED EQUIPMENT NEEDS		
F/A-18A ECP-583 (16 USMCR aircraft)	\$69.0	36
CH-53E Helicopter Night Vision System (HNVS) "B" Kits	45.0
MARINE CORPS RESERVE FISCAL YEAR 2004 UNFUNDED OPERATIONS AND MAINTENANCE REQUIREMENTS		
Initial Equipment Issue (Reserves)	13.5
Depot Level Maintenance Program	7.5
FISCAL YEAR 2004 RESERVE PROCUREMENT, MARINE CORPS (PMC)		
PRC 117 Multi Band Radio for Counterintelligence HUMINT Equipment Program (CIHEP)	2.1	59
PRC 148 Handheld Radio	4.0	527
FISCAL YEAR 2004 RESERVE PERSONNEL, MARINE CORPS (RPMC)		
Active Duty for Special Work (ADSW) for Marine for Life Program—funds 125 Reserve Marines	9.1	125

ROA recommends that the Congress appropriate \$150.2 million for these critical unfunded Marine Corps Reserve priorities.

COAST GUARD

We are aware that this committee is not responsible for the direct funding of the Coast Guard or the Coast Guard Reserve. Nevertheless, a fully funded Coast Guard is vital to ensuring the security and safety needs of America through the performance of its traditional core missions and its increased homeland security posture. Similarly, funding for the Department of Defense and the Department of the Navy remains constrained. The Coast Guard transferred from the Department of Transportation to the Department of Homeland Security on March 1, 2003. Therefore, it is vital to be farsighted as we cross into the 21st century to ensure a continued robust sea power.

Homeland Security

The Coast Guard's homeland security efforts prior to September 11th were directed toward executing and enhancing maritime safety and security, environmental protection, and homeland defense in addition to other normal peacetime missions. Through the NAVGUARD Board and other mechanisms, the Coast Guard worked closely with the Department of the Navy to address domestic force protection for naval assets. Jointly, they were also preparing for the future by developing a methodology to conduct initial domestic Port Vulnerability Assessments to identify critical infrastructure and high-risk activities in our ports and to target their limited resources against the greatest threats. In addition, the Coast Guard promoted the concept of Maritime Domain Awareness in cooperation with members of the National Security Council. They were also planning for the establishment of domestic active-duty Maritime Safety and Security Teams that will possess specialized law

enforcement and force protection capabilities to meet emerging port security requirements in normal and heightened threat conditions.

Deepwater Capability

Beginning in 2002, the Coast Guard has undertaken the Integrated Deepwater System Program in order to recapitalize its aging and technologically obsolete cutters and aircraft over the next twenty years. The Deepwater Program will provide the Coast Guard with the capabilities it needs to operate effectively and efficiently in the coming decades. From the Coast Guard's perspective, "deepwater" refers to any operation that requires an extended on-scene presence or long transit to the operating area. They can be conducted in port, near the coast or offshore.

The Coast Guard's current fleet has high personnel and maintenance costs. Some ships have been in service for more than 50 years. The continued protection of the public, at a lower cost, requires further investment to enable the Coast Guard to design more capable and less labor-intensive ships and aircraft. Without the necessary investment, operations and maintenance costs will continue to increase rapidly and performance will continue to erode. Adequate investment in the Deepwater Program will sustain the Coast Guard's capability for providing services critical to America's public safety, environmental protection, and national security for the next 40 years—through the replacement of assets that are at, or fast approaching, the end of their service lives.

The Integrated Deepwater System Program will also strengthen the Coast Guard's already close relationship with the Navy. The Coast Guard's National Security Cutter, as well as other major cutters acquired through the Deepwater program, will be readily available to support critical Department of Defense operations such as maritime surveillance and interception, convoy escort, search and rescue, and enforcement of maritime sanctions. Such options allow Navy "high end" ships to be more effectively employed in higher threat/combat operations.

The Reserve Officers Association urges the Congress to fully support the Coast Guard's Integrated Deepwater System Program, its new start authority, and the Navy's acquisition of assets for the Deepwater program. In addition, the ROA strongly urges the Congress to examine the desirability and feasibility of accelerating the Deepwater Program in order to achieve the desired acquisition objectives within ten years instead of the current estimated completion period of twenty years. The Coast Guard Reserve The events of 11 September and their aftermath have affected the Coast Guard Reserve more, perhaps, than the other Reserve components. The Coast Guard Reserve was the first Reserve component mobilized. On the afternoon of 11 September, the Secretary of Transportation exercised his unique domestic recall authority and authorized the largest recall of Coast Guard Reservists in history. By week's end, over 1100 reservists were on duty throughout the nation helping to ensure the security of the nation's seaports and waterways. Eventually nearly one third of the entire Selected Reserve (SELRES) was mobilized, proportionally far more than any other Reserve Component. Without its Reserve, the Coast Guard could not have surged so rapidly to increase the physical security of our vital ports and waterways.

Coast Guard Selected Reserve End Strength

ROA strongly urges congressional approval to increase the authorized and appropriated end strengths of the Active and Reserve Coast Guard. Specifically, the Coast Guard Reserve should be increased from 9,000 to 10,000 in fiscal year 2004.

Coast Guard Reserve Funding

It is estimated that the administration has requested \$115 million for the support of reserve training and support for fiscal year 2004. With the consolidation of the Operating Expenses (OE) and the Reserve Training (RT) appropriation accounts, visibility is lost on the amount of support provided to the Coast Guard Reserve. Given the present procedures for reimbursement for operating expenses and direct payments by the Coast Guard Reserve, this is the minimum needed to fund a training program and to increase the force from 9,000 to 10,000. Given the events of September 11th and the national priority on homeland defense, we need a strong and vibrant Coast Guard Reserve, perhaps more than ever before. Providing the adequate funding will help ensure qualified and experienced members are available and prepared for the next surge requirement.

As noted above, ROA objects to the loss of visibility of the amount of support provided to the Coast Guard Reserve. ROA believes that the Congress, in its capacity of providing constitutional oversight of the execution of the Budget of the United States, must have the ability to sufficiently review the documented Coast Guard Reserve program.

CONCLUSION

Thank you for the opportunity to represent the Reserve Officers Association's views on these important subjects. Your support for the men and women in uniform, both Active and Reserve is sincerely appreciated. I'll be happy to answer any questions that you might have.

Senator BURNS [presiding]. General McIntosh, did you—in your testimony did you give us any—how would you solve this problem of the 90-day callup training period?

General MCINTOSH. I think if in law it was tied to starting the mobilization clock, in other words if it was under a partial mobilization contingency that was the reason they had to be called for training, then the 2-year, maximum of 2 years for recall under partial mobilization, that clock should start the day they show up for training. And we believe that the 90 days should tie to the use of those forces in an actual contingency or conflict.

Senator BURNS. Okay, thank you very much. We will make note of that and we thank you for your testimony. Sorry you have to be handed off through this. This is a terrible way to run a hearing, I will tell you. We thank you.

Now we will call Rodney Lester, CRNA with the American Association of Nurse Anesthetists. In other words, you put people to sleep.

STATEMENT OF RODNEY C. LESTER, CRNA, Ph.D., PRESIDENT, AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

Dr. LESTER. Yes, sir.

Senator BURNS. You would run out of work up here because we do it naturally.

Thank you for coming today.

Dr. LESTER. Senator Burns, good morning and thank you for the opportunity to testify today. We appreciate it. My name is Rodney Lester. I am a Certified Registered Nurse Anesthetist (CRNA) and President of the American Association of Nurse Anesthetists (AANA). In addition, I recently retired from the Army after 5 years of active duty and 24 years as a reservist.

The AANA represents more than 30,000 CRNAs, including the 516 who are on active duty. Currently there are more than 360 CRNAs deployed in the Middle East providing anesthesia care. That includes both active and reserve components.

To ensure modernization military medical readiness, we must have anesthesia providers that can work independently and be deployed at a moment's notice. For this reason, the AANA is concerned over the recently proposed rule to include anesthesiologist's assistants (AAs) as authorized providers under the Tricare program. Before the rule was published, there should have been full congressional review of the AA's safety record, cost effectiveness, and limited scope of practice.

AAs are trained to assist the anesthesiologist in providing anesthesia care and cannot act independently. Immediate and independent action is required when providing anesthesia. AAs are not recognized anesthesia providers in any branch of the military and do not practice in all 50 States. There are only five States that have separate licensure for AAs. If most of the country does not recognize the AA practice, why should Tricare have AAs providing anesthesia care to our military and their dependents?

Since the introduction of AAs to the health care system 30 years ago, there are two schools in the country and only about 700 AAs practicing. This is in contrast to nurses, who have been providing anesthesia care since prior to the Civil War. Today we have 85 nurse anesthesia schools, with over 30,000 CRNAs practicing. AAs will not lower the anesthesia provider vacancy rate within the DOD.

AANA urges members of the subcommittee and the full committee to contact the DOD to urge their reconsideration of the AA proposal.

Incentives for recruitment and retention of CRNAs in the military are essential to make sure that the armed services can meet their medical manpower needs. We would like to thank this committee for funding the critical skills retention bonus, CSRB, for fiscal year 2003. Sixty-six percent of the 516 active duty CRNAs enjoy this benefit.

In addition, we would like to thank this committee for its continued support in funding the incentive special pay (ISP) for CRNAs in the military. As you know, there continues to be a considerable gap between civilian and military pay, which was addressed in the fiscal year 2003 Defense Authorization Act with an ISP increase authorized from \$15,000 to \$50,000. The AANA is requesting that this committee fund that increase in the ISP at \$50,000 for all services, enabling them to recruit and retain CRNAs.

In conclusion, the AANA believes that the recruitment and retention of CRNAs in the military service is of critical concern in maintaining the military's ability to meet its wartime and medical mobilization needs. The funding of the CSRB and an increase in ISP will assist in meeting these challenges. Also, we believe that the inclusion of AAs in the Tricare system would not improve military medical readiness of any of the services and therefore should not be approved.

I thank the committee members for their consideration of these issues and would be happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF RODNEY C. LESTER

The American Association of Nurse Anesthetists (AANA) is the professional association representing over 28,000 certified registered nurse anesthetists (CRNAs) in the United States, including 516 active duty CRNAs in the military services. The AANA appreciates the opportunity to provide testimony regarding CRNAs in the military. We would also like to thank this committee for the help it has given us in assisting the Department of Defense (DOD) and each of the services to recruit and retain CRNAs.

BACKGROUND INFORMATION ON NURSE ANESTHETISTS

The practice of anesthesia is a recognized specialty within both the nursing and medical professions. Both CRNAs and anesthesiologists administer anesthesia for all types of surgical procedures, from the simplest to the most complex, either as single providers or in a "care team setting." Patient outcome data has consistently shown that there is no significant difference in outcomes between the two providers. CRNAs and anesthesiologists are both educated to use the same anesthesia procedures in the provision of anesthesia and related services.

In the administration of anesthesia, CRNAs perform the same functions as anesthesiologists and work in every setting in which anesthesia is delivered including hospital surgical suites and obstetrical delivery rooms, ambulatory surgical centers, health maintenance organizations, and the offices of dentists, podiatrists, ophthalmologists, and plastic surgeons. One of the differences between CRNAs and anesthe-

siologists is that prior to anesthesia education, anesthesiologists receive medical education while CRNAs receive a nursing education. However, the anesthesia part of the education is similar for both providers, and both professionals are educated to perform the same clinical anesthesia services.

Today CRNAs administer approximately 65 percent of the anesthetics given to patients each year in the United States. They are masters prepared and meet the most stringent continuing education and recertification standards in the field, helping make anesthesia 50 times safer now than 20 years ago according to the Institute of Medicine's 1999 Report, "To Err is Human."

NURSE ANESTHETISTS IN THE MILITARY

Nurse anesthetists have been the principal anesthesia providers in combat areas in every war in which the United States has been engaged since World War I. Military nurse anesthetists have been honored and decorated by the United States and foreign governments for outstanding achievements, resulting from their dedication and commitment to duty and competence in managing seriously wounded casualties. In World War II, there were 17 nurse anesthetists to every one anesthesiologist. In Vietnam, the ratio of CRNAs to physician anesthetists was approximately 3:1. Two nurse anesthetists were killed in Vietnam and their names have been engraved on the Vietnam Memorial Wall. During the Panama strike, only CRNAs were sent with the fighting forces. Nurse anesthetists served with honor during Desert Shield, Desert Storm, and "Operation Enduring Freedom." Military CRNAs provide critical anesthesia support to humanitarian missions around the globe in such places as Bosnia and Somalia. Currently, there are approximately 364 nurse anesthetists deployed in the Middle East for the military mission for "Operation Iraqi Freedom" and "Operation Enduring Freedom."

Data gathered from the U.S. Armed Forces anesthesia communities' reveal that CRNAs have often been the sole anesthesia providers at certain facilities, both at home and while forward deployed. For decades CRNAs have staffed ships, isolated U.S. Bases, and forward surgical teams without physician anesthesia support. The U.S. Army Joint Special Operations Command Medical Team and all Army Forward Surgical Teams are staffed solely by CRNAs. Military CRNAs have a long proud history of providing independent support and quality anesthesia care to military men and women, their families and to people from many nations who have found themselves in harms way.

When President George W. Bush initiated "Operation Enduring Freedom," CRNAs were immediately deployed. With the new special operations environment new training was needed to prepare our CRNAs to ensure military medical mobilization and readiness. Brigadier General Barbara C. Brannon, Assistant Surgeon General, Air Force Nursing Services, testified before this Senate Committee on May 8, 2003, to provide an account of CRNAs on the job overseas. She stated, "Lt. Col Beisser, a certified registered nurse anesthetist (CRNA) leading a Mobile Forward Surgical Team (MFST), recently commended the seamless interoperability he witnessed during treatment of trauma victims in Special Forces mass casualty incident."

In the most recent mission, "Operation Iraqi Freedom," CRNAs were deployed on both ships and ground. For example, Lt. Col. Steven Hendrix, CRNA was in the Delta Force, U.S. special operations forces that rescued Private Jessica Lynch.

This committee must ensure that we retain and recruit CRNAs for now and in the future for the ever-changing military operation deployments overseas.

INCLUSION OF AAS UNDER THE DOD HEALTH SYSTEM

The U.S. Department of Defense has proposed authorizing anesthesiologist assistants (AAs) as providers of anesthesia care under the TRICARE health plan for military personnel and dependents, in a proposed rule published in the Federal Register April 3 (68 FR 16247, 4/3/2003). In addition, the Director of Anesthesia Services of the Veterans Affairs (VA) Department is apparently in the process of adding AAs as a new anesthesia provider as well. There has been no congressional review about adding these new providers, and no assessment of their safety record or cost-effectiveness.

- There are only two AA schools in the entire country (Ohio and Georgia) since AA introduction to the healthcare system over 30 years ago;
- AAs are not required to have any healthcare training or experience before they enter AA training. This differs from Certified Registered Nurse Anesthetists (CRNAs) who must have a bachelor's degree, be a registered nurse and have at least one year of acute care training prior to beginning the program;
- AAs have a very limited scope of practice, as they are required by law to administer anesthesia only under the close supervision of an anesthesiologist. Since

AAs must work under the close supervision of an anesthesiologist, they cannot act independently and quickly in an emergency situation. Immediate and independent action is required when providing anesthesia, especially for those patients in the TRICARE and VA systems. AAs cannot be deployed in military situations without anesthesiologists; by contrast, CRNAs are predominantly the anesthesia provider in military situations & need not be anesthesiologist supervised.

- Only five states provide separate licensure for AAs (Alabama, Georgia, New Mexico, Ohio, and South Carolina). Some anesthesiologists in these states actually have opposed AA recognition. If most of the country does not specifically recognize their practice, why would TRICARE and the VA allow AAs to administer anesthesia to our nation's veterans and military families?
- The scope of training for AAs is severely limited. For example, the Emory program in Georgia does not provide clinical instruction in the administration of regional anesthesia. The AA curriculum is characterized by training that allows them to “assist” the anesthesiologist in technical functions. By contrast, nurse anesthetists are capable of high-level independent function and receive instruction in the administration of all types of anesthesia including general and regional anesthesia, conscious sedation, and monitored anesthesia care. The ability to make independent judgments and provide multiple anesthetic techniques are critical to meeting an array of patient and surgical needs.
- The use of AAs is bad healthcare policy. This attempt to introduce AAs into federal programs sets the stage for anesthesiologists to control the entire anesthesia market since they will have substantial control of AA practice, including education, accreditation, certification, practice, payment, and employment. This degree of control is intended to eliminate any chance of competition in the anesthesia market and to allow only anesthesiologists to bill for anesthesia services, even if provided by a technical assistant.
- The AA certification examination process emphasizes employability over thorough testing: The National Commission for Certification of Anesthesiologist Assistants (NCCAA) allows AA students to take the AA certification examination up to 180 days before graduation. Scores can be released immediately after the NCCAA has received documentation of the student's graduation. Given that an AA student can take the exam six months before he or she graduates (i.e., after only 18 months of being in an AA program), the rigors of the exam appear questionable. How can an AA (with no required healthcare training prior to entering an AA program) be tested when six months remain in an AA's education? Nurse anesthetists are not eligible to take their certification exam until they have graduated from their nurse anesthesia program.

COMPARE ANESTHESIOLOGISTS, CRNAs, AND ANESTHESIOLOGIST ASSISTANTS

Issue	Anesthesiologists	CRNAs	AAs
Educated in all aspects of anesthesia?	Yes	Yes	No
Authorized to practice in all 50 states?	Yes	Yes	No
Serves in U.S. military settings?	Yes	Yes	No
May practice without anesthesiologist supervision?	N/A	Yes	No
Mandatory prior healthcare experience before anesthesia training?	Yes	Yes	No
Recertified every 2 years?	No	Yes	Yes

AAs may not be the solution to address anesthesia vacancies in these programs since they need to practice under the direct supervision of an anesthesiologist. Including AAs under TRICARE would indeed add to the current anesthesia provider problem within the military, because there is a current shortage of anesthesiologists in the military to supervise the AAs, to say nothing of the additional cost.

AANA urges this subcommittee and full committee members to contact the DOD to urge their reconsideration of this DOD proposal.

CRNA RETENTION AND RECRUITING HOW THIS COMMITTEE CAN HELP DOD

In all of the Services, maintaining adequate numbers of active duty CRNAs is of utmost concern. For several years, the number of CRNAs serving in active duty has consistently fallen short of the number authorized by DOD as needed providers. This is further complicated by the shortage of CRNAs in the nation. A letter dated March 14, 2002 from the Asst. Secretary of Defense for Health Affairs, William Winkenwerder, Jr., MD, to the former AANA President, Debbie A. Chambers,

CRNA, MHSA, stated that, "The Nurse Anesthetist specialty has been identified by the Department as a critical wartime shortage for the last several years."

Recruitment of nurse anesthetists for the military becomes increasingly difficult when the civilian sector faces such critical shortages, too. Currently, the number of nurse anesthetist vacancies increased 250 percent from 1998–2001, according to CRNA managers' surveys. Health professions staffing firms report CRNA recruitment rising by up to ten-fold from 1997–2000, making nurse anesthesia the second most recruited health professional specialty. In addition, this is compounded by the impact of baby boomers retiring. As the number of Medicare-eligible Americans climbs, it compounds the number of surgical procedures requiring anesthetics. Indeed, among those retiring Americans are CRNAs themselves.

In addition, the AANA cited a decline in anesthesiology resident positions, as well as an increase in office-based surgery and surgery in places other than hospitals as driving the increased need for CRNAs. Additionally, with managed care continuing to pursue cost-cutting measures, coverage plans are recognizing CRNAs for providing high-quality anesthesia care with reduced expense to patients and insurance companies. The cost-efficiency of CRNAs helps keep escalating medical costs down.

This Committee can greatly assist in the effort to attract and maintain essential numbers of nurse anesthetists in the military by their support of increasing special pays.

Critical Skills Retention Bonus

Last year on May 8, 2002, Brigadier General Barbara C. Brannon, Assistant Surgeon General, Air Force Nursing Services, testified before this Senate Committee requesting the expansion of the critical skills retention bonus, authorized in the fiscal year 2001 Defense Authorization Act, to health professionals with critical skills. Brigadier General Brannon stated:

"Currently, the Secretary of Defense is evaluating whether health professions will be designated as a critical skill. In anticipation, the TriService Health Professions Special Pay Working Group is evaluating future funding, and we have identified our critical nursing specialties. These specialties include obstetrical nurses, mental health, medical-surgical, neonatal intensive care, CRNAs and Women's Health Nurse Practitioners."

In the fall of 2002, CRNAs were designated as health professions with critical skills in the military, and were given a \$10,000 critical skills retention bonus (CSRB) to stay in the military for an additional year after their service obligation. Brigadier General Brannon thanked this committee for their help in granting a CSRB to CRNAs in her recent testimony to this committee on April 30, 2003:

"The TriService Health Professions Special Pay Working Group Identified Certified Registered Nurse Anesthetists as critically manned and therefore eligible for the retention bonus. The program was enthusiastically welcomed with 66 percent of the eligible CRNAs applying for a CSRB in exchange for a one year service commitment."

The AANA also thanks this committee for their hard work. The CSRB for fiscal year 2003 was funded by this committee, and is assisting each of the service branches to both retain and recruit CRNAs. We hope you will continue to fund the CSRB for fiscal year 2004.

The AANA thanks the committee for funding the Critical Skills Retention Bonus (CSRB) for fiscal year 2003 to ensure the retention of CRNAs in the military services. We hope you will support continued funding for CSRB for fiscal year 2004.

The Incentive Special Pay for Nurses

According to a March 1994 study requested by the Health Policy Directorate of Health Affairs and conducted by DOD, a large pay gap existed between annual civilian and military pay in 1992. This study concluded, "this earnings gap is a major reason why the military has difficulty retaining CRNAs." In order to address this pay gap, in the fiscal year 1995 Defense Authorization bill Congress authorized the implementation of an increase in the annual Incentive Special Pay (ISP) for nurse anesthetists from \$6,000 to \$15,000 for those CRNAs no longer under service obligation to pay back their anesthesia education. Those CRNAs who remain obligated receive the \$6,000 ISP.

Both the House and Senate passed the fiscal year 2003 Defense Authorization Act Conference report, H.Rept. 107–772, which included an ISP increase to \$50,000. The report included an increase in ISP for nurse anesthetists from \$15,000 to \$50,000. There had been no change in funding level for the ISP since the increase was instituted in fiscal year 1995, while it is certain that civilian pay has continued to rise

during this time. The AANA is requesting that this committee fund the new increase for the ISP at \$50,000 for all the branches of the armed services to retain and recruit CRNAs now and into the future.

There still continues to be high demand and low supply of CRNAs in the health care community leading to higher incomes widening the gap in pay for CRNAs in the civilian sector compared to the military. The fiscal year 2002 AANA Membership survey measured income in the civilian sector by practice setting. The median income in a hospital setting is \$110,200, MDA group \$100,534, and self-employed CRNA \$130,000 (includes Owner/Partner of a CRNA Group). These median salaries include call pay, overtime pay, and bonus pay. These salaries are still higher than the median salary of \$74,000 across all military service branches.

In civilian practice, all additional skills, experience, duties and responsibilities, and hours of work are compensated for monetarily. Additionally, training (tuition and continuing education), health care, retirement, recruitment and retention bonuses, and other benefits often equal or exceed those offered in the military.

Rear Admiral Nancy Lescavage, Director of the Navy Nurse Corps, and Commander of the Naval Medical Education and Training Command testified before this Senate Committee at the April 30, 2003 hearing:

“The increase of the maximum allowable compensation amount for Certified Registered Nurse Anesthetist Incentive Special Pay (CRNA ISP) and the Nurse Accession Bonus (NAB) in the fiscal year 2003 National Defense Authorization Act will further enhance our competitive edge in the nursing market.”

Salaries in the civilian sector will continue to create incentives for CRNAs to separate from the military, especially at the lower grades without a competitive incentive from the military to retain CRNAs. Therefore, it is vitally important that the Incentive Special Pay (ISP) be increased to \$50,000 to ensure the retention of CRNAs in the military.

AANA thanks this Committee for its support of the annual ISP for nurse anesthetists. AANA strongly recommends the continuation and an increase in the annual funding for ISP from \$15,000 to \$50,000 for fiscal year 2004, which recognizes the special skills and advanced education that CRNAs bring to the DOD health care system.

Board Certification Pay for Nurses

Included in the fiscal year 1996 Defense Authorization bill was language authorizing the implementation of a board certification pay for certain non-MD health care professionals, including advanced practice nurses. AANA is highly supportive of board certification pay for all advanced practice nurses. The establishment of this type of pay for nurses recognizes that there are levels of excellence in the profession of nursing that should be recognized, just as in the medical profession. In addition, this pay may assist in closing the earnings gap, which may help with retention of CRNAs.

While many CRNAs have received board certification pay, there are many that remain ineligible. Since certification to practice, as a CRNA does not require a specific master's degree, many nurse anesthetists have chosen to diversify their education by pursuing an advanced degree in other related fields. But CRNAs with master's degrees in education, administration, or management are not eligible for board certification pay since their graduate degree is not in a clinical specialty. Many CRNAs who have non-clinical master's degrees either chose or were guided by their respective services to pursue a degree other than in a clinical specialty. Many feel that diversity in education equates to a stronger, more viable profession. CRNAs do utilize education and management principles in their everyday practice and these skills are vital to performance of their duties. To deny a bonus to these individuals is unfair, and will certainly affect their morale as they work side-by-side with their less-experienced colleagues, who will collect a bonus for which they are not eligible. In addition, in the future this bonus will act as a financial disincentive for nurse anesthetists to diversify and broaden their horizons.

AANA encourages DOD and the respective services to reexamine the issue of awarding board certification pay only to CRNAs who have clinical master's degrees.

CONCLUSION

In conclusion, the AANA believes that the recruitment and retention of CRNAs in the Services is of critical concern. The efforts detailed above will assist the Services in maintaining the military's ability to meet its wartime and medical mobilization through the funding of the Critical Skills Retention Bonus and an increase in ISP. Also, we believe that the inclusion of Anesthesiologists Assistants (AAs) in the TRICARE system would impair the military medical readiness capability of the

services, and should not be approved. In addition we commend and thank this committee for their continued support for CRNAs in the military.

Senator BURNS. Thank you very much, Dr. Lester. Would you tell me, just real briefly, the difference in training between a CRNA and an AA?

Dr. LESTER. A CRNA is based—first, to be a CRNA you have to be a registered nurse first and to have critical care experience.

Senator BURNS. AA does not?

Dr. LESTER. No, sir. They have to have a bachelor's degree and may be required to have some basic science courses, but there is no requirement in any of their programs, their two programs, that they have any medical background at all prior to entering the AA training program.

Senator BURNS. Do you know if my State of Montana is one of those States that you mentioned, one of the five?

Dr. LESTER. I do not believe so.

Senator BURNS. No?

Dr. LESTER. I do not believe so.

Senator BURNS. The reason I ask you the question is that this has come up in conversation. I have a daughter that is a medical doctor. She is a family physician, but she used to deliver babies until the insurance became prohibitive and so she decided to drop that part of her practice. And this kind of came up in a conversation.

So I appreciate your testimony today and thank you for coming forward.

We would like to call Dr. John Sommerer, Chief Technology Officer for the Applied Physics Lab at Johns Hopkins University, Coalition for National Security Research. Dr. Sommerer, thank you for coming this morning.

STATEMENT OF JOHN SOMMERER, Ph.D., CHIEF TECHNOLOGY OFFICER, APPLIED PHYSICS LAB, JOHNS HOPKINS UNIVERSITY; ON BEHALF OF THE COALITION FOR NATIONAL SECURITY RESEARCH

Dr. SOMMERER. Thank you, Senator. My name is John Sommerer and I am the Chief Technology Officer (CTO) for the Johns Hopkins University Applied Physics Lab. I am here today on behalf of the Coalition for National Security Research, a broadly based group of over 50 scientific, engineering, mathematical, behavioral societies, universities, and industrial associations committed to a stronger defense science and technology base.

First, I would like to thank this committee for your strong support of defense science and technology. Without the appropriated funding levels for the past few years, we would not be working on some very important national security technology today.

This year we have concerns in three areas of the S&T budget that your committee should consider. First, its overall investment level. The budget request is \$600 million less than last year's appropriations. Various studies and recommendations suggest that to remain competitive DOD should invest about 3 percent of its budget every year in science and technology, or about \$11.4 billion total. That proposition has been repeatedly endorsed by the administration.

In order to continue important research already in progress, about \$11 billion will be required, which would move closer to the administration's goal of 3 percent. We urge your support in achieving this goal within the next several years.

Second, we want to express some concern with DOD's plan to transfer the S&T programs presently under Office of Secretary of Defense management to the individual services. The purpose of such a move appears to be to remove OSD staff from the day-to-day program management of individual programs and allow a better focus on long-term planning and oversight, and we agree with such management efficiencies. But our concern is what happens to the science and technology products that need a broader management perspective than that provided by the individual services.

We urge caution to ensure that these programs will continue to address the fundamental cross-cutting technologies originally intended and we would suggest that OSD retain oversight of the University Research Initiative and other critical research initiatives until management plans are in place to ensure that critical work remains on track.

Finally, in the area of basic research, let me urge that DOD's 6.1 basic research program be provided stable funding over many years. I cannot derive a specific number for you, but we do know that it must be gradually increased each year as the national needs for technology change. We also know that lack of stability in this account significantly impedes the progress of research as well as the transition of that research to practical application.

In closing, Senator Burns, let me cite some of the Applied Physics Laboratory's (APL) science and technology work that is making a difference in national security. We saw during Operation Iraqi Freedom the tremendous military advantages offered by precision guided weapons. As it turns out, the road to that capability started in the very office where I work every day. One of my predecessors, Dr. Frank McClure, invented satellite navigation there in 1958.

Notwithstanding the genius of his vision, it took many years of research in areas as diverse as computing, electronics, atomic clocks, and space physics to come to fruition. Satellite navigation now makes it possible for our military forces to reliably hit a target whose coordinates are known day or night, in any weather.

Today the Applied Physics Laboratory continues to advance the concept of precision engagement, but the challenge now focuses on rapidly identifying the targets, locating them, and engaging them before they can move. In one project we are developing the capability for groups of uninhabited air vehicles to operate in a coordinated way to locate, confirm, and relay coordinates, all without operator intervention.

Another S&T program is developing the propulsion technology to enable next-generation strike weapons to reach targets in minutes after launch rather than the hours now taken by our most advanced cruise missiles.

Thank you for this opportunity to discuss the Department of Defense science and technology program. It would be a pleasure to welcome you, other members of the committee, and your staff to APL to see first-hand some of the exciting research being done with the support of DOD and this subcommittee.

I would be happy to answer any questions, sir.
[The statement follows:]

PREPARED STATEMENT OF DR. JOHN SOMMERER

Good morning Mr. Chairman and Members of the Subcommittee. I am here to testify today on behalf of the Coalition for National Security Research, a broadly based group of scientific, engineering, mathematical and behavioral societies, universities and industrial associations committed to a stronger defense science and technology base.

There are three issues of primary importance in looking at the defense Science and Technology (S&T) budget this year: overall investment levels, appropriate balance among the accounts, and the department's proposal to devolve—or transfer—programs currently under the Office of the Secretary (OSD) to the services.

On funding, we urge the subcommittee to approve robust and stable funding for Department of Defense (DOD) basic (6.1), applied (6.2) and advanced technology development (6.3) elements in fiscal year 2004. Specifically, CNSR joins many other organizations in urging the subcommittee to increase the S&T program to \$11.4 billion in fiscal year 2004, or 3 percent of the overall departmental budget, as recommended by the Defense Science Board, the Quadrennial Defense Review, the House and Senate Armed Services Committees and numerous departmental officials. These programs are the foundation of the Department's Research, Development, Test and Evaluation (RDT&E) activity. They feed our procurement needs, enhance our readiness and modernization efforts, provide technologies to protect our forces, and contribute to the most technologically advanced, best trained, lethal, fighting force in the world. As we have seen in numerous recent news reports, investments made in innovative research over the last 30 years have yielded impressive and flexible technological results and tools to address the current challenges we face. I want to express deep appreciation for the Committee's past support and for the fiscal year 2003 funding approved for these programs.

With consideration of the fiscal year 2004 budget, it is important to recognize the critical role DOD S&T plays in ensuring the future national security of the United States and the safety and effectiveness of our soldiers, sailors, airmen, and marines. Simultaneously, these defense science programs contribute to the research enterprise of the country and to the education of tomorrow's scientists, engineers and policy makers. The Department provides a critical investment in several disciplines—including engineering, physical, math, computer and behavioral sciences—vital to our future national security.

As you are aware, previous investments in defense science and technology have led to breakthrough developments in areas such as thermobaric bombs, distributed networking, advanced materials, global navigation, precision guidance, and stealth technology that have equipped America's men and women in uniform with the finest technologies in the world.

As we have seen in recent operations in Iraq and Afghanistan, research in remotely-operated mini-robots, unmanned air, land and sea vehicles, remote medicine, chemical and mechanical sensors, large scale battlefield simulations and advanced data memory systems protect the warfighters of the future by removing them from harm's way, providing on-site emergency medical care, identifying dangerous environments, improving training and speeding data availability and usability.

The support of this subcommittee is critical to ensuring that we maintain a viable S&T base to meet our future security needs on land, in the air, and at sea.

A second issue related to funding, I would like to mention deals specifically with support for the department's most basic and innovative research programs. Diversion of funds from 6.1 accounts to meet shortages in other accounts undermines the long-term goal of defense transformation and future capabilities development. As our nation's leaders address future challenges and the transformation of our national defense, long-term 6.1 projects must again become a centerpiece of the department's S&T program and must remain focused on real frontiers of discovery.

The final issue on which I want to touch briefly concerns the department's plans to transfer about \$500 million in S&T programs from the Office of the Secretary of Defense (OSD) to the services. CNSR supports the Department of Defense's goal of moving resources from the "bureaucracy to the battlefield" and plans by OSD to focus activities on long term strategic planning. Nevertheless, we are concerned that some proposals for implementation of this worthy goal will negatively impact transformation efforts, the long term technological superiority of the United States military, and the science and engineering workforce on which it relies.

The fiscal year 2004 budget request to Congress for the department would transfer—or devolve—a group of critical, joint, multidisciplinary programs from OSD to

the services. Given the results of previous, similar reorganization proposals, we believe such a move could damage the unique nature and design of these programs and would inherently inhibit cross-service integration and coordination, while placing additional burdens on the services and offering very little benefit toward stated goals.

CNSR is confident that an increased focus on long-term strategic needs of the armed services would highlight the important role S&T programs, like the University Research Initiative, play in training the needed scientific and engineering workforce required by this nation, and in assuring that the latest technology is always available to meet changing threats and evolving challenges. Given the long-term nature of basic research, any damage to the programs, though it may not be easily spotted in the near term, will result in the loss of the U.S. technology lead and will require an even greater corrective investment in the future.

In order to continue moving toward stated overall investment goals for S&T and to carry out strategic decisions most effectively, OSD—as the most appropriate entity to facilitate jointness—will need controlling authority over basic research programs and budgets. OSD should retain current oversight and management of the University Research Initiative and other critical research initiatives until management plans are detailed and tested.

I have provided some additional information below to highlight some examples of the results of DOD S&T investments, which have both national security and domestic applications. Thank you for your time, Mr. Chairman. I would be happy to answer any questions.

The Applied Physics Laboratory of the University of Washington, Seattle, has developed under U.S. Navy sponsorship, a high resolution, imaging sonar for underwater mine detection and identification in poor visibility waters such as those commonly encountered in ports and harbors. The unique sonar, based on acoustic technology that mimics the optical lens and retina of the human eye, produces a picture-like image. One version of the sonar is designed to be the eyes of the unmanned, autonomous, underwater vehicles being developed for mine clearance and special operations. A hand-held version enables a diver to easily and accurately distinguish between mines and false targets such as mine-like debris, and to identify specific mine types in zero-visibility water. It is intended to assist Special Forces and Explosive Ordnance Disposal teams and has been used in Bahrain.

In response to the need to deter and counter the use of biological and chemical weapons of mass destruction, the Applied Physics Laboratory of the Johns Hopkins University is working under DARPA sponsorship to develop and test new technologies that will protect both military and civilian populations. Advanced Time-of-Flight Mass Spectrometer instruments are being tested to rapidly detect a broad range of biological pathogens and chemical warfare agents. Background Environmental Characterization and Biosurveillance networks are being tested to measure anomalous behavior that could signal the terrorist use of biological and chemical warfare agents. These developments will give us the capability to deal with today's threat spectrum and future emerging threats.

The University of South Carolina, through its DEPSCoR supported Industrial Mathematics Institute (IMI), has developed algorithms and software that enable the rapid display, querying and registration of Digital Terrain Maps. This software is of potential value in mission planning, autonomous and semi-autonomous navigation, rapid targeting and post battlefield assessment.

A DOD-funded researcher at the University of California at Berkeley, using a pair of Plexiglas wings he called "Robofly," for the first time provided a comprehensive explanation of how insects fly. The research could lead to the development of tiny flying devices that could be dispatched in swarms to spy on enemy forces.

Improved energy efficiency throughout the Defense Department and its mission activities—testing, training, operations, facilities—has the potential to save the federal government, and in turn the taxpayer, millions per year. Fuel cells are among the most promising sources of clean energy needed for numerous civil and military devices. The development of efficient electrocatalysts is essential to the improvement of fuel cell performances. Researchers at the University of South Carolina, supported by DOD S&T funding, are applying theoretical and computational methods to the understanding of electrocatalysis, focusing on the electron reduction of oxygen on platinum electrodes.

No one foresaw the enormous range of applications and whole industries that have evolved from the Defense-sponsored discovery of lasers. The basic concepts leading to the development of the laser were discovered in a microwave research program at Columbia University funded by the three Services. Lasers were combined with transistors and the billion-dollar fiber optic industry resulted. Fiber optic communications, compact disk players, laser printers, procedures to reattach eye

retinas and new cancer surgeries all exist because of these breakthroughs, the result of Defense Basic Research.

In response to threats due to inadequate or outdated mission terrain mapping tools, the Georgia Institute of Technology developed Falcon View, a laptop-mapping software. Designed for the U.S. Air Force, U.S. Special Operations Command and the U.S. Navy, Falcon View integrates aeronautical charts, satellite images and other data to provide detailed, up-to-date data imagery to flight crews conducting mission planning using relatively simple laptop computers. The system is credited with reducing typical mission planning time from seven hours or more down to twenty minutes.

DARPA and ONR-sponsored researchers at Duke University Medical Center and the Massachusetts Institute of Technology have tested a neural system in animals that utilizes implanted electrodes to assist brain signals in controlling robotics. Scientists transmitted the brain signals over the Internet, remotely controlling a robot arm 600 miles away. The recording and analysis system could form the basis for a brain-machine interface that would allow paralyzed patients to control the movement of prosthetic limbs. The finding also supports new thinking about how the brain encodes information, by spreading it across large populations of neurons and by rapidly adapting to new circumstances.

In the late 1960's, DOD-initiated research to explore linking computers in different geographical locations to improve communication between their users. The research produced the world's first packet-switched network, the ARPANET, which connected major universities. As a result, more and more people gained access to more powerful computers. Innovation in network design and improved research spawned a new breed of information scientists who expanded the network to every corner of the country and the world. Electronic mail, which was considered earlier to be of minor interest to users, has become the most used service of computer networks. Through ARPANET, Defense Basic Research made it possible to launch the National Information Infrastructure.

Senator BURNS. Dr. Sommerer, you hit on an area that I worked very hard on over on the Commerce Committee, which is R&D and the work that we have done especially in science and technology. I have made many speeches and there has been one invention in the last 50 years that has completely been the bridge to everything that we have ever done electronically since. I do not think there are very many people in the world that understand how big the invention of the transistor was to electronics and everything that we do now, especially with the smart equipment that we are using now. That could never have been done had that invention never happened.

The ramifications it has had in the last—well, I guess it will be 50 years.

Dr. SOMMERER. Yes, sir.

Senator BURNS. Gosh, that was—I remember when it happened. I am getting pretty damned old here.

But the ramifications that that has had have been enormous. So your end of this world is a very important one to us and we appreciate your testimony today and we thank you for coming.

Dr. SOMMERER. Thank you, sir.

Senator BURNS. You bet.

We now call Captain Robert C. Hurd, Headquarters Liaison to Congress, the United States Naval Sea Cadet Corps. Thank you for coming, Captain.

STATEMENT OF CAPTAIN ROBERT C. HURD, USN (RETIRED), HEADQUARTERS LIAISON TO CONGRESS, UNITED STATES NAVAL SEA CADET CORPS

Captain HURD. Well, thank you for having me, sir. The Naval Sea Cadet Corps is a congressionally-chartered youth development and education program sponsored by the Navy League, supported

by the Navy and Coast Guard, with over 10,000 cadets, run by 2,000 adult volunteers. Our goals are development of young men and women ages 11 through 17 by promoting interest and skill in seamanship and aviation, instilling a sense of patriotism, courage, self-reliance, confidence, and those qualities which mold strong moral character and self-discipline in a drug-free and a gang-free environment.

Cadets attend boot camp and in the following summers they train on board Navy and Coast Guard ships or, in specific areas of advanced disciplines, ashore. They drill one weekend a month and they take Navy correspondence courses, the basis for accelerated promotion of a cadet who decides to enlist in the Navy or the Coast Guard.

There are now 466 ex-Sea Cadets attending the U.S. Naval Academy. Annually between 400 and 600 ex-cadets enlist in the services, pre-screened, highly motivated, and well prepared. Prior Sea Cadet experience has been proven to be an excellent indicator of a potentially high career success rate. Navy annual accession recruiting costs average over \$11,000 per person, which, applied to the number of Sea Cadet accessions, represents a significant financial benefit to the Navy.

Whether or not they choose a service career, all Sea Cadets carry forth learned values of good citizenship, leadership, and moral courage that will ultimately benefit themselves and our country.

The major difference between this and all the other federally-chartered military youth programs is that Sea Cadets pay for all their own expenses, including their uniforms, their travel, insurance, and training costs, which can run \$400 to \$500 a year. We are also particularly sensitive to the fact that no young person be denied access to the program because of his or her social or economic background.

Federally funded at only half of the \$2 million requested to fill the unfunded Navy budget requirement for the past 3 years, all of these funds are used to help offset cadets' out of pocket costs and to conduct background checks for the adult volunteers. With the Federal funding received, training participation has increased by over 30 percent, 37 percent. However, for a variety of reasons the current level of funding can no longer sustain this program. They include inflation, all-time high cadet enrollment, base closures, reduced base access due to the terrorism alerts, reduced afloat training opportunities due to the Iraq War, and nonavailability of previously provided space A transportation, on-base open bay berthing, and transportation.

It is therefore considered to be a matter of extreme importance to us that the full requested \$2 million be authorized and appropriated for fiscal year 2004 and we respectfully request your consideration and support to this end. Unfortunately, time precludes my sharing stories with you about, such as the State of Washington recently honoring an 11-year-old Sea Cadet for singlehandedly putting out a major restaurant fire, or for the Ohio unit fulfilling a World War II veteran's dying wish to be buried in uniform, which the cadets purchased and then followed through by providing military graveside honors for the family, or the post-9/11 story of the Sea Cadets volunteering to be buried in the rubble of Ground

Zero so that the body-sniffing dogs could maintain their proficiency by seeking them out.

These and many more stories like them are the stories that you do not read about in the press, and we really think our kids are worthy of all the support we can give them.

Thank you for this opportunity to speak to you today, sir.

[The statement follows:]

PREPARED STATEMENT OF CAPTAIN ROBERT C. HURD

REQUEST

Funded in fiscal year 2001, fiscal year 2002 and again in fiscal year 2003, continued Congressional appropriation in the Navy Recruiting Budget (Operations and Maintenance Navy—Title II, Budget Activity 3) is essential to expand the Naval Sea Cadet Corps into more communities. Unlike all other federally chartered military youth groups, the Sea Cadets themselves pay almost all program costs, including uniforms, training costs, insurance and transportation to/from training. Funding to offset Cadet out-of-pocket training costs at a level commensurate with that received by other federally chartered military related youth programs, as well as adult volunteer training costs, is needed to increase program access by America's youth, regardless of economic or social background, and develop the fine citizens our country needs and deserves.

Request fiscal year 2004 authorization and appropriation of the full requested amount of \$2 million for the Naval Sea Cadet Corps.

BACKGROUND

At the request of the Department of the Navy, the Navy League of the United States established the Naval Sea Cadet Corps in 1958 to "create a favorable image of the Navy on the part of American youth." On September 10, 1962, the U.S. Congress federally chartered the Naval Sea Cadet Corps under Public Law 87-655 as a non-profit civilian youth training organization for young people, ages 13 through 17. A National Board of Directors, whose Chairman serves as the National Vice President of the Navy League for Youth Programs, establishes NSCC policy and management guidance for operation and administration. A full-time Executive Director and small staff in Arlington, Virginia administer NSCC's day-to-day operations. These professionals work with volunteer regional directors, unit commanding officers, and local sponsors. They also collaborate with Navy League councils and other civic, or patriotic organizations, and with local school systems.

In close cooperation with, and the support of, the U.S. Navy and U.S. Coast Guard, the Sea Cadet Corps allows youth to sample military life without obligation to join the Armed Forces. Cadets and adult leaders are authorized to wear the Navy uniform, appropriately modified with a distinctive Sea Cadet insignia.

There are currently over 338 Sea Cadet units with a program total of 11,577 participants (2,107 adult Officers and Instructors and 9,470 Cadets (about 33 percent female). This is an all time high enrollment for the program.

NSCC OBJECTIVES

Develop an interest and skill in seamanship and seagoing subjects.

Develop an appreciation for our Navy's history, customs, traditions and its significant role in national defense.

Develop positive qualities of patriotism, courage, self-reliance, confidence, pride in our nation and other attributes, which contribute to development of strong moral character, good citizenship traits and a drug-free, gang-free lifestyle.

Present the advantages and prestige of a military career.

Under the Cadet Corps' umbrella is the Navy League Cadet Corps (NLCC), a youth program for children ages 11 through 13. While it is not part of the federal charter provided by Congress, the Navy League of the United States sponsors NLCC.

NLCC was established "... to give young people mental, moral, and physical training through the medium of naval and other instruction, with the objective of developing principles of patriotism and good citizenship, instilling in them a sense of duty, discipline, self-respect, self-confidence, and a respect for others."

BENEFITS

Naval Sea Cadets experience a unique opportunity for personal growth, development of self-esteem and self-confidence. Their participation in a variety of activities within a safe, alcohol-free, drug-free, and gang-free environment provides a positive alternative to other less favorable temptations. The Cadet Corps introduces young people to nautical skills, to maritime services and to a military life style. The program provides the young Cadet the opportunity to experience self-reliance early on, while introducing this Cadet to military life without any obligation to join a branch of the armed forces. The young Cadet realizes the commitment required and routinely excels within the Navy and Coast Guard environments.

Naval Sea Cadets receive first-hand knowledge of what life in the Navy or Coast Guard is like. This realization ensures the likelihood of success should they opt for a career in military service. For example, limited travel abroad and in Canada may be available, as well as the opportunity to train onboard Navy and Coast Guard ships, craft and aircraft. These young people may also participate in shore activities ranging from training as a student at a Navy hospital to learning the fundamentals of aviation maintenance at a Naval Air Station.

The opportunity to compete for college scholarships is particularly significant. Since 1975, 141 Cadets have received financial assistance in continuing their education in a chosen career field at college.

ACTIVITIES

Naval Sea Cadets pursue a variety of activities including classroom, practical and hands-on training as well as field trips, orientation visits to military installations, and cruises on Navy and Coast Guard ships and small craft. They also participate in a variety of community and civic events.

The majority of Sea Cadet training and activities occurs year round at a local training or "drill" site. Often, this may be a military installation or base, a reserve center, a local school, civic hall, or sponsor-provided building. During the summer, activities move from the local training site and involve recruit training (boot camp), "advanced" training of choice, and a variety of other training opportunities (depending on the Cadet's previous experience and desires).

SENIOR LEADERSHIP

Volunteer Naval Sea Cadet Corps officers and instructors furnish senior leadership for the program. They willingly contribute their time and effort to serve America's youth. The Cadet Corps programs succeed because of their dedicated, active participation and commitment to the principles upon which the Corps was founded.

Cadet Corps officers are appointed from the civilian sector or from active, reserve or retired military status. All are required to take orientation, intermediate and advanced Officer Professional Development courses to increase their management and youth leadership skills. Appointment as an officer in the Sea Cadet Corps does not, in itself, confer any official military rank. However, a Navy-style uniform, bearing NSCC insignia, is authorized and worn. Cadet Corps officers receive no pay or allowances. Yet, they do derive some benefits, such as limited use of military facilities and space available air travel in conjunction with carrying out training duty orders.

DRUG-FREE AND GANG-FREE ENVIRONMENT

One of the most important benefits of the Sea Cadet program is that it provides participating youth a peer structure and environment that places maximum emphasis on a drug and gang free environment. Supporting this effort is a close liaison with the U.S. Department of Justice Drug Enforcement Administration (DEA). The DEA offers the services of all DEA Demand Reduction Coordinators to provide individual unit training, as well as their being an integral part of our boot camp training program.

Among a variety of awards and ribbons that Cadets can work toward is the Drug Reduction Service Ribbon, awarded to those who display outstanding skills in the areas of leadership, perseverance and courage. Requirements include intensive anti-drug program training and giving anti-drug presentations to interested community groups.

TRAINING

Local Training Local training, held at the unit's drill site, includes a variety of activities supervised by qualified Sea Cadet Corps officers and instructors, as well as Navy and Coast Guard instructors.

Cadets receive classroom instruction in basic military requirements, seamanship, water safety, core personal values, social amenities, drug/alcohol abuse, cultural relations, Navy history, customs and traditions and other nautical skills. Training may be held aboard ships, small boats or aircraft, depending upon the availability of a platform. Cadets also learn about civilian and military career opportunities during special career counseling sessions such as fire fighting and law enforcement.

Special presentations by military and civilian officials are part of the local training as are educational tours, briefings and attendance at special events. Participation in parades, social work and other civic activities are encouraged as part of the whole-person-training concept.

During the Cadets' first several months, they receive basic indoctrination to the Sea Cadet program at their local training site in preparation for summer recruit training.

The Navy League Cadet Corps training program teaches younger Cadets the virtues of personal neat-ness, loyalty, obedience, courtesy, dependability and a sense of responsibility for shipmates. In accordance with a Navy-oriented syllabus, this education prepares them for the higher level of training they will receive as Naval Sea Cadets.

SUMMER TRAINING

First-year Sea Cadets attend a two-week recruit training period at the Navy's Recruit Training Command or at a regional recruit training site. Instructed by Navy or NSCC Recruit Division Commanders, Cadets receive a condensed version of the basic training which Navy enlistees receive. Recruit training occurs at a number of regional sites to handle the overflow from the Recruit Training Command, Great Lakes and to reduce travel costs to the Cadet as well as the adult volunteer staff.

A Cadet who successfully completes recruit training is eligible for advanced training in various fields of choice. Cadets can experience the excitement of "hands-on" practical training aboard Navy and Coast Guard vessels, ranging from tugboats and cutters to the largest nuclear-powered aircraft carriers. Female Cadets may also train aboard any ship that has females assigned as part of the ship's company.

Qualified Cadets choose from such Sea Cadet advanced training as basic/advanced airman, SEAL training, amphibious operations, leadership, submarine orientation and training in occupational specialties, including health care, music, master-at-arms and construction.

The Cadet Corp programs excel in quality and diversity of training offered, with more than 7,250 training orders carried out for the 2002 summer training program. Cadets faced a myriad of challenging training opportunities designed to instill leadership and develop self-reliance, enabling them to become familiar with the full spectrum of Navy and Coast Guard career fields.

The positive results of federal funding for both 2001 and 2002, were that for each summer the NSCC has experienced increased recruit training attendance of about 1,500 cadets per summer over those years in which federal funding was not available.

While recruit training acquaints cadets with Navy life and Navy style discipline, advanced training focuses on military and general career fields and opportunities, and also affords the cadets many entertaining, drug free, disciplined yet fun activities over the summer. The popularity of the training continues to grow not with just overall numbers but also as evidenced with over 500 cadets performing multiple two week training sessions during the summer of 2002.

Advanced training highlights for 2002

With federal funding available in 2002, the NSCC's focus was continuing and/or expanding many of the initiatives started in 2001 with a few new advanced training opportunities added.

They included:

- Continued keeping Cadet costs for summer training at a reduced price of only the deposit (\$25 or \$50, same as 2001) plus transportation.
- Accommodated 9/11 required adjustments through training relocations and/or alternate arrangements to maintain cadet training opportunity and quotas at above 2001 levels.
- Maintained expanded recruit training and advanced training opportunity with a grand total of over 7,500 orders issued, a record high.
- Expanded adult professional development participation.
- Increased total cadet participation in summer and winter training evolutions to over 6,000 cadets.
- Added two classes in legal (JAG) training.

- Expanded SEAL Orientation under the sponsorship of the UDT–SEAL Association and Museum Association with the sponsorship of the Okeechobee County, Florida Sheriff's Department. Maintained SEAL Orientation training at NAB, Little Creek, VA.
- Maintained East and West Coast sailing training at NAS, Pensacola, and NAB, Coronado, with expanded classes at each.
- Nearly doubled class size for seamanship training at the State University of New York Maritime Academy at Fort Schuyler, and for the second summer in a row maintained seamanship training aboard USNS merchant ships, homeported on the West Coast.
- Continued 2001 initiative for Honor Guard training in Texas.
- Maintained expanded YP training on the Great Lakes at participation levels above 2001.
- Placed 4 cadets onboard USCG Barque Eagle for two, three week underway orientation cruises.
- Maintained placement of cadets aboard USCG stations, cutters, and tenders for what many consider among the best of the training opportunities offered in the NSCC.
- Once again filled all quotas for the popular, merit based, International Exchange program, with 72 cadet participants and 20 escorts for 2002.
- Kept all quotas filled to all the NSCC Petty Officer Leadership Academies, (POLA) graduating over 270 cadets at 10 training sites.
- Maintained SCUBA training opportunities with two classes in 2002.
- Increased MAA and police science from 4 classes to 5.
- Maintained placement of cadets onboard USN ships under local orders as operating schedules and opportunity permitted.
- As was the case in 2001 and all prior years, once again enjoyed particularly outstanding support from members of the United States Naval Reserve, whose help and leadership remains essential for summer training.

INTERNATIONAL EXCHANGE

NSCC operates an international exchange program with Naval Sea Cadet units in Australia, Belgium, Bermuda, Canada, Hong Kong, Japan, Korea, the Netherlands, South Africa, Sweden, and the United Kingdom. Each summer, outstanding Cadets are selected to serve as young ambassadors and train with their global counterparts. The NSCC continued in 2002 its' redesigned, highly competitive, merit based, and very low cost to the cadet, International Exchange Program and placed cadets in Australia, Korea, Hong Kong, United Kingdom, Sweden, Netherlands, and Bermuda to train with fellow cadets in these host nations. The NSCC and Canada maintained their traditional exchanges in Nova Scotia and British Columbia, and the NSCC hosted visiting cadets in Norfolk for two weeks of U.S. Navy style training.

NAVY LEAGUE CADET TRAINING

In 2002, over 1,185 Navy League Cadets and escorts attended orientation training at 15 different sites. This diversity in location made training accessible and reasonably available to each Cadet who wished to attend. Over 373 League Cadets and escorts attended advanced training at several sites. The advanced program was developed in recognition of the need to provide follow-on training for this younger age group to sustain their interest and to better prepare them for the challenges of Naval Sea Cadet Corps training. Navy League Cadets who attend recruit orientation training are exceptionally well prepared for Sea Cadet "boot camp." The number of NLCC Cadets who participated in summer training was a third higher than normal. Again, this was directly attributable to the federal funding received.

TRAINING GRANTS

Through contributions from Douglas and Christine Peterson, the Donner Foundation, and the federal funds, every Cadet who desired to attend summer training had that opportunity. Approximately 1500 more Cadet orders were written than in previous years. This milestone is a direct result of funds received for NSCC/NLCC to participate in the Corps' summer training.

SCHOLARSHIPS

The Naval Sea Cadet Corps Scholarship program was established to provide financial assistance to deserving Cadets who wished to further their education at the college level. Established in 1975, the scholarship program consists of a family of

funds: the NSCC Scholarship Fund; the Navy League Stockholm Scholarship; the San Diego Gas & Electric Fund; grants from the Lewis A. Kingsley Foundation; and the NSCC “named scholarship” program, designed to recognize an individual, corporation, organization or foundation. Under this latter program two new funds have been established to commence scholarships. The estate of June Howell has forwarded funds to establish a scholarship in the name of her parents—Harry and Rose Howell. Also, from the estate of Robert C. Hutton, an aviation orientation scholarship has been established. Since the inception of the scholarship program, 149 scholarships have been awarded to 141 Cadets (includes some renewals) totaling over \$160,000.

SERVICE ACCESSIONS

The Naval Sea Cadet Corps was formed at the request of the Department of the Navy as a means to “enhance the Navy image in the minds of American youth.” To accomplish this, ongoing presentations illustrate to Naval Sea Cadets the advantages and benefits of careers in the armed services, and in particular, the sea services.

While there is no service obligation associated with the Naval Sea Cadet Corps program, many Sea Cadets choose to enlist or enroll in Officer training programs in all the Services.

Annually, the NSCC conducts a survey to determine the approximate number of Cadets making this career decision. This survey is conducted during the annual inspections of the units. The reported Cadet accessions to the services are only those that are known to the unit at that time. There are many accessions that occur in the 2–3 year timeframe after Cadets leave their units, which go unreported. For example, for the year 2000, with about 83 percent of the units reporting, the survey indicates that 510 known Cadets entered the armed forces during the reporting year ending 31 December 2000. Of these, 30 ex-Sea Cadets were reported to have received appointments to the U.S. Naval Academy. Further liaison with the USNA indicates that in fact, there are currently 466 Midshipmen with Sea Cadet backgrounds—almost 10 percent of the entire Brigade. Navy accession recruiting costs have averaged over \$11,000 per person, officer or enlisted, which applied to the number of Sea Cadet accessions represents a significant financial benefit to the Navy. Equally important is the expectation that once a more accurate measurement methodology can be found, is, that since Sea Cadets enter the Armed Forces as disciplined, well trained and motivated individuals, their retention, graduation and first term enlistment completion rates are perhaps the highest among any other entry group. USNA officials are currently studying graduation rates for past years for ex-Sea Cadets as a group as compared to the entire Brigade. Their preliminary opinion is that these percents will be among the highest. It is further expected that this factor will be an excellent indicator of the following, not only for the USNA, but for all officer and enlisted programs the Sea Cadets may enter:

- Extremely high motivation of ex-Cadets to enter the Service.
- Excellent background provided by the U.S. Naval Sea Cadet experience in preparing and motivating Cadets to enter the Service.
- Prior U.S. Naval Sea Cadet Corps experience is an excellent pre-screening opportunity for young men and women to evaluate their interest in pursuing a military career. This factor could potentially save considerable tax-payer dollars expended on individuals who apply for, then resign after entering the Academy if they decide at some point they do not have the interest or motivation.
- U.S. Naval Sea Cadet experience prior to entering the Service is an excellent indicator of a potentially high success rate.

Data similar to the above has been requested from the United States Coast Guard Academy and the United States Merchant Marine Academy.

Whether or not they choose a service career, all Sea Cadets carry forth learned values of good citizenship, leadership and moral courage that will benefit themselves and our country.

Program Finances

Sea Cadets pay for all expenses, including travel to/from training, uniforms, insurance and training costs. Out-of-pocket costs can reach \$400–\$500 each year. Assistance is made available so that no young person is denied access to the program, regardless of social or economic background.

Federally funded at the \$1,000,000 level (of the \$2,000,000 requested) in fiscal years 2001, 2002, and 2003, all of these funds were used to offset individual Cadet’s individual costs for summer training, conduct of background checks for adult volunteers and for reducing future enrollment costs for Cadets. In addition to the federal fund received (\$1 million), NSCC receives under \$700,000 per year from other

sources, which includes around \$226,000 in enrollment fees from Cadets and adult volunteers. For a variety of reasons, this current level of funding can no longer sustain this program:

- All time high in number of enrolled Sea Cadets (and growing).
- General inflation of all costs.
- Some bases denying planned access to Sea Cadets for training due to increased terrorism threat level alerts and the associated tightening of security measures—requiring Cadets to utilize alternative, and often more costly training alternatives
- Reduced availability of afloat training opportunities due to the Navy's high level of operations related to the Iraq war.
- Reduced training site opportunities due to base closures.
- Non-availability of open bay berthing opportunities for Cadets due to their elimination as a result of enlisted habitability upgrades to individual/double berthing spaces.
- Lack of available "Space Available" transportation for group movements.
- Lack of on-base transportation, as the navy no longer "owns" busses now controlled by the GSA.

Because of these factors, Cadet out-of-pocket costs have skyrocketed to the point where the requested \$2,000,000 alone is insufficient to handle cost increases, not to mention the impact if, as in past years, only \$1,000,000 is approved and appropriated.

It is therefore considered a matter of urgency that the full amount of the requested \$2,000,000 be authorized and appropriated for fiscal year 2004.

Senator BURNS. Thank you. Thank you, Captain Hurd. Not only are the kids good kids, but they have got a great advocate, too.

Captain HURD. Thank you, sir.

Senator BURNS. Thank you for coming today.

Captain HURD. Thank you.

Senator BURNS. We now call Dennis Achgill, Director of Public Affairs, American Society of Mechanical Engineers. I may have to run here. Does anybody know where Stevens is?

Thank you for coming today, by the way, and I apologize for the conditions under which you have to testify.

**STATEMENT OF DENNIS ACHGILL, DIRECTOR OF PUBLIC AFFAIRS,
AMERICAN SOCIETY OF MECHANICAL ENGINEERS**

Mr. ACHGILL. Thank you very much. I appear before you today as a representative of a committee of the American Society of Mechanical Engineers (ASME) International, concerned with Federal funding of research and development. ASME International has 125,000 members, including 20,000 students.

Mechanical engineers are a major part of the Nation's technology base, a base that is essential for the Nation's defense. The DOD's science and technology program contains elements incorporating significant mechanical engineering research. DOD has been the dominant source of Federal research funding, 70 percent and 66 percent respectively, for the electrical and mechanical engineering disciplines. Therefore, we appreciate the opportunity to appear before your subcommittee to present our views on the importance of the S&T accounts.

In accordance with the recommendations of the Defense Science Board, the Quadrennial Defense Review, and the President's Commission on the Future of the U.S. Aerospace Industry, and based on the President's fiscal year 2004 budget request for the Department of Defense, we urge the members of this subcommittee to provide 3 percent of the total DOD budget, or \$11.4 billion, for the Department's core science and technology programs for fiscal year 2004.

During the past decade funding for the defense S&T programs has been below this threshold and essentially flat in constant dollars. As a result, the job market for engineers in the defense sector has shrunk, leaving little incentive for young engineers to seek defense-related career opportunities. The defense industry has thus had great difficulty in attracting and retaining the best of the best engineering and scientific talents of this Nation.

In addition, universities are having difficulty attracting post-graduate students who rely on S&T funding for their support. Doctoral engineering enrollments are at a 10-year low. Students from overseas who study in the United States are increasingly returning to their home countries for more attractive opportunities.

Continued unabated, the repercussions of a stagnant defense investment in research will inevitably extend to the commercial sector as well. Without question, America's civil aviation industry has benefited greatly from technological advances in defense. The situation facing the United States could be a technologically deficient military together with a subpar civil aviation industry. Obviously, neither scenario is in the best interests of the Nation.

The valuable contributions of our engineers and scientists have been a constant and powerful force over the past century. These contributions could not have been made without the vision and support of Members of Congress like yourselves who promote the continued strengthening of this Nation's investment in the DOD science and technology programs. Your continued support in strengthening defense-related engineering sciences is essential for meeting the future needs of the country.

Therefore, we urge the members of this subcommittee to continue to provide a robust and stable investment in the science and technology programs of the Department of Defense to ensure our national security and protect our homeland while educating the future defense science and engineering workforce. It will take a great deal of continued attention to Defense R&D to ensure that the best engineering and scientific minds are once again willing to apply their talents to meeting the future defense needs of the Nation.

Thank you for this opportunity to offer our views. I will be pleased to respond to any questions.

[The statement follows:]

PREPARED STATEMENT OF DENNIS ACHGILL

The Department of Defense (DOD) Task Force of the ASME Inter-Council Committee on Federal Research and Development (ICCFRD) of the American Society of Mechanical Engineers (ASME International) is pleased to provide the following comments on the fiscal year 2004 budget request for the Department of Defense.

FINDINGS

The Department of Defense (DOD) Basic Research (category 6.1), Applied Research (category 6.2) and Advanced Technical Development (category 6.3) accounts provide the fundamental building blocks for Defense Science and Technology (S&T) programs.

The President's proposed fiscal year 2004 budget request for the DOD S&T Program is \$9.93 billion, 7.8 percent lower than the fiscal year 2003 appropriated levels. Basic Research and Applied Research are down \$109 million (7.7 percent) and \$618 million (14.4 percent), respectively. Advanced Technology Development has increased \$186 million (3.7 percent), mostly because of increases to classified programs. Individually, the Army and Navy are experiencing cuts of 27 percent and 21 percent after accounting for programs devolved from the Office of the Secretary

of Defense (OSD). The Air Force budget is up 3.5 percent, but mostly due to increases to a classified 6.3 program.

In the 2001 Quadrennial Defense Review, DOD set an S&T funding goal of 3 percent of the department's Total Obligational Authority (TOA) as part of its transformation objectives. For the last two years, that goal has been achieved only after Congress added more than \$1 billion to the President's request in each of those years. The 3 percent goal was recently reaffirmed by the Principal Deputy Under Secretary of Defense for Acquisition, Technology and Logistics and three senior officers representing the three services at a March 31st hearing before the Senate Armed Services, Emerging Threats and Capabilities Subcommittee. This reaffirmation is in contradiction to a barely greater than inflation growth in fiscal year 2004 President's budget Request (PBR) over the fiscal year 2003 PBR and a Future Years Defense Plan that shows a gradual decline in the percent of TOA budgeted to S&T.

Defense agencies have historically been the largest source of federal funding for engineering research in our industry, as well as at the nation's universities. The universities are significant collaborators with industry and are the source for young engineering talent for the defense sector, both public and private. Federal funding for defense basic and applied research has also provided the majority of financial support for graduate level education in defense related fields. DOD has been the dominant source of federal funding, 70 percent and 66 percent respectively, for the electrical and mechanical engineering disciplines. DOD also funds more than 40 percent of academic research in the aerospace and materials engineering fields. After a decade of defense S&T funding cuts but steady population growth, it should be no surprise that doctoral engineering enrollments are at a ten year low. Foreign students who were once counted on to remain in the United States after graduation are increasingly returning to their home countries for more attractive opportunities. As a result of an overall decline in engineering enrollments for much of the past decade, federal defense laboratories and the defense industry have had great difficulty in attracting and retaining the best-of-the-best engineering and scientific talents of this nation. This problem has only become more critical with the increased focus on security and the concomitant need to employ citizens in sensitive technology areas.

Nearly a decade of funding declines accompanied by dramatic budget instability and a pattern in which advanced technology demonstration programs, designed to accelerate the insertion of research efforts, were stretched out, delayed and cancelled, resulted in a waste of valuable resources, and has been a deterrent to attracting a generation of highly skilled, highly motivated engineers and scientists, the folks who transform ideas into reality. The decline in support has led to the loss of irreplaceable research facilities and infrastructure to reduce federal and corporate overhead costs. In the academic institutions, many aerospace and other defense related programs of study were discontinued, thereby weakening the important contributions that these universities make to the U.S. defense technology base. As research and development budgets were reduced, the job market for engineers in the defense sector shrunk, leaving little incentive for young engineers to seek defense-related career opportunities. The recent budget increases by the administration and the Congress for DOD S&T must be sustained to reverse these alarming trends.

The Department of Defense and defense industry now have a workforce whose average age is increasing at an alarming rate and will continue to do so until our intellectual resources are replenished. Just as our country's recent and prolonged economic expansion was largely the outcome of technological advances that were created by the world's premier group of talent—U.S. technologists—so has our recent and prolonged success in military engagements been the outcome of technological advances made by this national treasure. A February 2003 report by the Presidents Council of Advisors on Science and Technology (PCAST) stated, "Federal support for science and engineering students enhances economic growth." Strengthening defense-related engineering sciences is essential for meeting the future needs of the DOD and our economy.

The President's Commission on the Future of the United States Aerospace Industry has documented the workforce and funding issues above and recommended in its November 2002 Final Report "that DOD's annual science and technology (6.1–6.3) funding must be sufficient and stable to create and demonstrate the innovative technologies needed to address future national security threats. An amount no less than three percent of DOD Total Obligational Authority, "fenced" from budget cuts, would be sufficient."

In 1998, the Defense Science Board recommended that the department's science and technology budget be about 3.5 percent of the total budget. The 2001 Quadrennial Defense Review stated that, "A robust research and development effort is imperative to achieving the Department's transformation objectives. DOD must main-

tain a strong science and technology (S&T) program that supports evolving military needs and ensures technological superiority over potential adversaries." The review further called "for a significant increase in funding for S&T programs to a level of three percent of DOD spending per year." Unfortunately, the current year budget takes a step back from the progress made last year and the out-year budget projections of the department project a declining percentage of TOA devoted to S&T.

S&T budgets within the services have also typically experienced great fluctuations, as the services have struggled to maintain long-term, stable funding for basic research. Given the long-term nature of basic research, any damage to the programs, though it may not be easily spotted in the near term, will result in the loss of the U.S. technology lead and will require an even greater corrective investment in the future.

The fiscal year 2004 budget request to Congress for the department would transfer—or devolve—a group of critical, joint, multidisciplinary programs from the Office of the Secretary of Defense (OSD) to the services. In order to continue moving toward stated overall investment goals for S&T and to carry out strategic decisions most effectively, the OSD—as the most appropriate entity to facilitate jointness—will need controlling authority over basic research programs and budgets. OSD should retain current oversight and management of critical research initiatives until management plans are detailed and tested.

RECOMMENDATIONS

The Task Force supports the findings and recommendations of the Quadrennial Defense Review and the Defense Science Board Task Force to provide 3 percent of the total Defense Department Budget, or \$11 billion for the DOD basic (6.1), applied (6.2) and advanced technology development (6.3) accounts, which make up the S&T program.

DOD S&T programs provide critical investments in scientific disciplines vital to ensuring future security—including engineering, mathematics, and physical, computer, and behavioral sciences. We strongly concur with the recommendations made in the February 2003 report by the Presidents Council of Advisors on Science and Technology for a balanced portfolio of physical and life sciences achieved by a healthy increase to engineering and physical science budgets such as DOD's for fiscal year 2004, and beyond. Supporting DOD S&T will ensure that the best engineering and scientific minds are once again available and willing to apply their talents to meet the future defense needs of this nation.

Thank you for the opportunity to offer our views.

Senator STEVENS [presiding]. We do not have any questions, Mr. Director, but I am sure that you know we work very hard to support engineering and research, particularly the nanoresearch area. I appreciate the briefing that the people involved in the Mechanical Engineers' Society gave us on nanoengineering and technology and the nanotechnology concepts.

We appreciate your testimony. We will do our best to see to it we increase that funding.

Mr. ACHGILL. Thank you very much, Senator.

Senator STEVENS. Thank you.

Fran Visco—pardon me. First is Chris Hudgins, the Public Policy Associate, National Prostate Cancer Coalition.

STATEMENT OF CHRIS HUDGINS, PUBLIC POLICY ASSOCIATE, NATIONAL PROSTATE CANCER COALITION

Mr. HUDGINS. Thank you, Mr. Chairman. Mr. Chairman, distinguished members of the subcommittee: I would like to thank you for the opportunity to share my remarks here today. My name is Chris Hudgins and I am part of the public policy team at the National Prostate Cancer Coalition.

Since its inception in 1996, the National Prostate Cancer Coalition has been dedicated to eradicating a disease which will afflict over 220,000 men this year and claim nearly 29,000 lives. You may

be surprised to see someone who is only 25 years old here today talking about what once was thought to be an old man's disease.

Senator STEVENS. Be careful now. I had it.

Mr. HUDGINS. Well, that is why it was once thought, sir.

Unfortunately, I know all too well the story of prostate cancer and its effect on America's families. In 2000 my grandfather was diagnosed with prostate cancer. This was quite shocking to me because I had always thought of him as a strong and powerful man. He had served his country as a marine during World War II and during the occupation of Japan. He returned home and began a career in academics and eventually rose to the level of president, first at Meredith College in Raleigh, North Carolina, and later at the University of Richmond in Virginia. Then he was crippled by a silent killer.

Thanks to the availability of the prostate-specific antigen (PSA) blood test and the digital rectal exam, both of which are recommended by the National Prostate Cancer Coalition, my grandfather was able to catch the disease in its early stages when it was the most treatable. After having a radical prostatectomy, my grandfather fully recovered and has returned to his post as chancellor of the University of Richmond.

Now the focus turns to the other men in my family. As you may be aware, a person with one close family member with prostate cancer is twice as likely to develop the disease. My father, much like the majority of the baby boom generation, is now in his early fifties. I say this because he, along with 22 million men, in the next 10 years will be in the target age group for increased risk of prostate cancer.

Since my grandfather's diagnosis, I have encouraged him to keep a close eye on his PSA level. This is not only because I love him, but because if he is diagnosed then my and my brother's risk of the disease will increase fivefold.

As our Nation welcomes home the soldiers who fought so bravely in Iraq, I cannot help but think of my grandfather returning home from Japan in 1947. I believe our Nation has a responsibility to protect America's soldiers on the battlefield and long after the fighting has ended. Veterans like my grandfather and the approximately 2.2 million men currently serving in active or reserve duty must know that their government is doing everything it can to protect them from prostate cancer.

Therefore, to effectively fight prostate cancer the National Prostate Cancer Coalition requests that you allocate at least \$100 million in fiscal year 2004 for the prostate cancer research program conducted by the Department of Defense's congressionally-directed medical research program. Since its inception in 1998, the prostate cancer research program has been the most efficient Federally-directed prostate cancer research program because it builds sound accountability mechanisms into its fundamental operation. The program is also focused on non-duplication of effort, fostering the science of projects that are unique and are not receiving funding from other sources.

The prostate cancer research program has engaged survivors of prostate cancer into its accountability practices from its outset. This consumer input helps drive the program to become more am-

bitious and creative in seeking out new areas of research because it maintains its focus on what is important to survivors, advocates, and researchers.

The prostate cancer research program offers awards such as the idea development and new investigator grants that seek innovative and revolutionary studies that deviate from previous research. The goal is to stimulate venture research projects that reward sometimes speculative but promising ideas that can lead to huge returns on investments. Other grant awards focus on researching the disproportionate impact of prostate cancer on African American men.

While the prostate cancer research program's award mechanisms continue to stimulate exciting new research, the program is unable to fund its clinical trials awards appropriately. At least \$100 million is needed to allow the program to resume sound clinical trials, which are paramount in translating research from the lab into new patients for treatments.

On behalf of our community of advocates, families, researchers, physicians, and others touched by the disease, I would like to thank you and the committee once again for your time and leadership. Together we can eliminate prostate cancer as a threat to grandfathers, fathers, brothers, and families like mine.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF CHRIS HUDGINS

Mr. Chairman and distinguished members of the subcommittee, I would like to thank you for the opportunity to share my remarks. My name is Chris Hudgins, and am part of the public policy team at the National Prostate Cancer Coalition (NPCC). Since its inception in 1996, NPCC has been dedicated to eradicating prostate cancer through awareness, outreach, and advocacy.

You may be surprised to see someone who is only 25 years old talking about what was once thought to be an "old man's disease." Unfortunately, I know all too well the story of prostate cancer and its effects on America's families. I was introduced to the disease a few years before I began my employment with the NPCC. In 2000, my grandfather was diagnosed with prostate cancer. This was quite shocking to me because I had always thought of him as a strong and powerful man. He had served his country as a Marine during World War II and during the occupation of Japan. He returned home and studied at five different institutions. After serving in administrative capacities throughout the southeast for various colleges, universities and the Tennessee Department of Education, he rose to level of President, first at Meredith College in Raleigh, NC and later at the University of Richmond. Then, he was crippled by a silent killer.

As you can imagine, this was a particularly stressful time for me and my family. While, at the time of my grandfather's diagnosis, I had heard of the disease I was not aware of how prevalent prostate cancer had become among men. I now know that prostate cancer will affect about 220,000 men and their families this year, and 28,900 men will lose their battle with the disease. It's unfathomable to think that so many people will be subjected to the anguish my family has experienced.

Thanks to the availability of the prostate specific antigen (PSA) and the digital rectal exam (DRE), both of which are recommended by NPCC, my grandfather was able to catch the disease early when it is the most treatable. After having a radical prostatectomy, my grandfather fully recovered and has returned to riding his Harley-Davidson around the University of Richmond campus. Now the focus turns to the other men in my family.

As you may be aware, a person with one close family member with prostate cancer is twice as likely to develop the disease. My father, much like the majority of the baby-boom generation, is now in his early fifties. I say this because he, along with about 22 million men in the next ten years, is in the target age group for increased risk of prostate cancer. Since my grandfather's diagnosis, I have encouraged my father to keep a close eye on his PSA. This is not only because I love him but

also because if he is diagnosed then my and my brother's risk of the disease increases five fold.

While my grandfather—and my family—benefited from early detection, others are not so lucky. In the past few years, I have had the advantage of learning about the risks of prostate cancer and how early detection can save lives, but the truth is I am in the minority. We must focus on those individuals who do not have the benefit of this knowledge. We must also continue important research in prostate cancer to develop new treatments until a cure is found. That's why, Mr. Chairman, we all need your help.

As the nation prepares to bring home the soldiers that fought so bravely in Iraq, I can't help but think of my grandfather returning home from Japan in 1947. I believe our nation has a responsibility to protect America's soldiers on the battlefield and long after the fighting has ended. Men like my grandfather, veterans exposed to defoliants, who may bear a disproportionate risk of prostate cancer, and those who are about to return from the Middle East, must know that their government is doing everything they can to protect them from prostate cancer. As President Franklin Delano Roosevelt stated at the dedication of the National Institutes of Health in 1940, "we cannot be a strong nation unless we are a healthy nation."

While I cannot predict the impact of prostate cancer among our men in uniform, I can offer some estimates. We know that about 85 percent of individuals serving in active or reserve duty are men, approximately 2.2 million. If one applies the average risk to this group, over 350,000 men will be diagnosed with the disease in their lifetimes. That's more than the number of American servicemen lost in both World Wars.

The Department of Veterans Affairs (VA) estimates that there will be nearly 25 million veterans living in the United States by September 2003. Of these, 94 percent will be male, 81 percent will be age 45 or older and 17 percent will be minorities. The Veterans Health Administration also estimates that nearly 50,000 new cancer cases are diagnosed in VA patients each year—the second leading killer of veterans. It's easy to see the impact prostate cancer could have on America's servicemen.

To effectively fight prostate cancer, NPCC requests that you allocate at least \$100 million in fiscal year 2004 for the Prostate Cancer Research Program (PCRP) conducted by the Department of Defense through the extramural Congressionally Directed Medical Research Program (CDMRP). The PCRP is a model program, and it offers "awards to fill gaps in ongoing research and complement initiatives sponsored by other agencies." The program has received \$85 million in funding in fiscal year 2002 and fiscal year 2003, but without at least \$100 million, PCRP cannot appropriately conduct clinical trials research in which cutting-edge treatments can be offered to patients who need them most.

Since its inception in fiscal year 1997, the PCRP has been the most efficient federally directed prostate cancer research program because it builds sound accountability mechanisms into its fundamental operation. Its research is dedicated to increase evidence-based medicine, and it subjects itself to regular reviews of this effort. The program is also focused on non-duplication of effort, fostering the science of projects that are unique and are not receiving funding from other sources. The PCRP has engaged survivors of prostate cancer into its accountability practices from its outset. Several of NPCC's friends and colleagues have the honor of sitting on the Prostate Cancer Integration Panel, joining other consumers and a diverse group of scientists in the oversight of the CDMRP program and its projects. This consumer input helps drive the program to become more ambitious and creative in seeking new areas of research, because it maintains its focus on what is important to survivors, advocates and researchers.

The CDMRP prostate cancer program is clear-cut in its mission, process, goals and results; it is easy to see where—and how efficiently—every dollar the PCRP receives is spent. Among the research resources funded by the federal government, the CDMRP is the only program to offer organ site-specific research grants. Each grant awarded through the PCRP is 100 percent dedicated to prostate cancer. The impact on solving the problem of prostate cancer is not subjected to the complex—and too often fuzzy—calculations of organ site relevance that other agencies weigh when considering research opportunities.

As stated in its annual report, the PCRP has "challenged the scientific community to design innovative prostate cancer research that would foster new directions, address neglected issues and bring new investigators into the field." Cornerstones of the program's research efforts are the "Idea Development" and "New Investigator" grants. Both of these awards seek innovative and revolutionary studies that deviate from previous research. Their goal is to stimulate "venture research" projects that reward sometimes speculative but promising ideas that can lead to huge returns on investments.

The PCRP also offers grants to explore why certain populations suffer higher disease incidence. Grants such as the “Historically Black Colleges and Universities (HBCU) Collaborative Partnership” and the “Health Disparity Training” awards focus on researching the disproportionate impact of prostate cancer on African-American men and encouraging HBCU scientists to enter the prostate cancer research field.

In fiscal year 2003, the PCRP has added several new awards. Perhaps the most exciting new grant is the “Exploration-Hypothesis Development Award” which allows researchers to explore “innovative, untested, potentially groundbreaking concepts in prostate cancer.” Unlike similar grants awarded by the PCRP to new and innovative research ideas, the award is centered on new approaches without requiring any preliminary data. Such awards contrast other agencies’ grant processes that tend to favor research in which “proof-of-principle” has already been established. The program is also offering the “Physician Research Training Award” which is designed to draw new scientists into the field and train them for a career in prostate cancer research. Also awarded for the first time in fiscal year 2003 are the prostate cancer consortium awards. These large awards, which can be up to \$10 million, are focused on bringing together leading researchers and clinicians to concentrate on specific areas of prostate cancer research to accelerate advances in the field.

Unfortunately, the PCRP is not always able to make awards to worthwhile projects. In fiscal year 2002, the program received nearly 700 proposals but was only able to recommend 150 for funding compared to the over 300 for breast cancer research. Despite funding fewer than 25 percent of proposals received over the last five years, the program is still producing exceptional results. Data from more than 450 research projects have been published in scientific journals, and over 25 projects have received a patent or licensing.

As I mentioned, funding for the PCRP must return to its fiscal year 2001 level of \$100 million to allow the program to conduct needed clinical research appropriately. While many advancements are being made, we must capitalize on discoveries by translating them and testing them on patients. Clinical trials research conducted through the CDMRP breast cancer program has already produced a revolutionary new drug called Herceptin, which impacts a specific pathway in the growth of cancer cells. Studies have already shown that Herceptin, when used correctly, increases survivorship of breast cancer patients by one-third. Once prostate cancer research is afforded the same opportunity, who knows what kinds of new treatments may become available to men.

Dr. William G. Nelson, a prominent prostate cancer research professor at Johns Hopkins University School of Medicine once stated, “It’s nice to be able to cure rats and mice, but curing humans is what we’re all about—you can’t do that without clinical trials.” We believe Dr. Nelson’s statement speaks for itself. That’s why funding must increase to at least \$100 million in fiscal year 2004.

Mr. Chairman, we also ask that you provide at least \$10 million in funding for the Uniformed Services University of the Health Sciences (USUHS) and Walter Reed Army Medical Center (WRAMC) program called the Center for Prostate Disease Research (CPDR).

The CPDR is the intramural prostate cancer research program at DOD. Among other achievements, the CPDR has helped determine the effectiveness of the prostate specific antigen (PSA) screening exam. A recent CPDR study found a significant increase in five-year survival rates of those diagnosed with the disease and a decreased chance of losing life to the disease, both attributed to the implementation of PSA screening. NPCC supports early detection through screening and believes that the PSA test along with the DRE saves lives.

On behalf of our community of advocates—families, researchers, physicians, and others touched by the disease, I would like to thank you and the Committee once again for your time and leadership. The investments we make today can greatly reduce medical costs and save lives tomorrow. Together, we can eliminate prostate cancer as a threat to grandfathers, fathers, brothers, and families like mine.

Senator STEVENS. Well, thank you very much. It may interest you to know my grandfather, my father, and my oldest brother all died of prostate cancer, and I have had it, and you have a point. But there is a limit to what we can do to increase Federal funding for this research. You should do more to raise money in the private sector.

Mr. HUDGINS. All right. Thank you for your leadership in the past, Mr. Chairman.

Senator STEVENS. They really have—there should be—I think I may put a matching funds requirement on the money in this year's prostate cancer research and say that it can only be made available if it is matched by private funds.

Mr. HUDGINS. Okay. Thank you very much.

Senator STEVENS. Thank you.

Fran Visco, please.

STATEMENT OF FRAN VISCO, J.D., PRESIDENT, NATIONAL BREAST CANCER COALITION

Ms. VISCO. Thank you, Mr. Chairman. I am Fran Visco, a 16-year breast cancer survivor and the president of the National Breast Cancer Coalition. As you know, the coalition is an organization of more than 600 organizations from around the country and over 70,000 individuals, all dedicated to eradicating breast cancer through action and advocacy. I am here on their behalf to thank you and the committee for its leadership in the breast cancer research program.

Since 1992 this program has set the standard for biomedical research in this country and in other countries. It has created new models of research. It has created new mechanisms to attract scientific ideas, innovative, cutting edge ideas from around the world. It is a model that has been copied, not just by other programs within the DOD and the National Cancer Institute, but also other countries. It has created new collaborations and partnerships for the military with the leaders in the scientific community around the world, and the Army itself has copied the program and used what is happening in this program in many of its other areas of endeavor.

This year the program itself submitted its annual report September 30, 2002, and it is their report on all of the congressionally-directed medical research programs. We have also submitted testimony on behalf of the coalition, and 65 of your colleagues in the Senate have written to you and to Mr. Inouye asking for continuation of the program.

All of those materials lay out the reason why this program must continue. It is not duplicative. It fills gaps. It is creating new relationships for the Army and it is creating hope and real progress for women and their families.

So I am here to urge you to continue this program and again to thank you for the incredible leadership that you have shown, and I am available to answer any questions you have. I wanted to point out another thing of this program that truly is a model, and that is the meeting that is called the Era of Hope. Every 2 years the breast cancer research program conducts a meeting where everyone who has been funded by the program must report on their research to the American public. This is probably the only time that the taxpayers learn what is happening, specifically and directly what is happening with their tax dollars. It again is a wonderful model that is being replicated elsewhere.

So for all of these reasons, we urge you to continue this program and thank you for your support to date.

[The statement follows:]

PREPARED STATEMENT OF FRAN VISCO

Thank you, Mr. Chairman and members of the Appropriations Subcommittee on Defense for your exceptional leadership in the effort to increase and improve breast cancer research. You and your Committee have shown great determination and leadership in searching for the answers by funding the Department of Defense (DOD) Peer-Reviewed Breast Cancer Research Program (BCRP) at a level that has brought us closer to eradicating this disease.

I am Fran Visco, a breast cancer survivor, a wife and mother, a lawyer, and President of the National Breast Cancer Coalition. On behalf of NBCC, and the more than 3 million women living with breast cancer, I would like to thank you for the opportunity to testify today.

The DOD BCRP's decade of progress in the fight against breast cancer has been made possible by this Committee's investment in breast cancer research. To continue this unprecedented progress, we ask that you support a \$175 million appropriation for fiscal year 2004. The program was cut back from \$175 million to \$150 million two years ago as part of an across-the-board cut in Congressionally directed health programs. However, there continues to be excellent science that goes unfunded which is why we believe that the BCRP should be appropriated \$175 million for fiscal year 2004.

As you know, the National Breast Cancer Coalition is a grassroots advocacy organization made up of more than 600 organizations and tens of thousands of individuals and has been working since 1991 toward the eradication of this disease through advocacy and action. NBCC supports increased funding for breast cancer research, increased access to quality health care for all women, and increased influence of breast cancer activists at every table where decisions regarding breast cancer are made.

OVERVIEW OF THE DOD BREAST CANCER RESEARCH PROGRAM

In the span of only ten years, the DOD Peer-Reviewed Breast Cancer Research Program has established itself as model medical research program, respected throughout the cancer community for its innovative and accountable approach. The groundbreaking research performed through the program has the potential to benefit not just breast cancer, but all cancers, as well as other diseases. Biomedical research is being transformed by the BCRP's success.

This program is both innovative, and incredibly streamlined. It continues to be overseen by a group of distinguished scientists and activists, as recommended by the Institute of Medicine (IOM). Because there is no bureaucracy, the program is able to quickly respond to what is currently happening in the scientific community. It is able to fill gaps, with little fuss. It is responsive, not just to the scientific community, but also to the public.

Since its inception, this program has matured from an isolated research program to a broad-reaching influential voice forging new and innovative directions for breast cancer research and science. The flexibility of the program has allowed the Army to administer this groundbreaking research effort with unparalleled efficiency and skill.

In addition, an inherent part of this program has been the inclusion of consumer advocates at every level, which has created an unprecedented working relationship between advocates and scientists, and ultimately led to new avenues of research in breast cancer. Since 1992, more than 600 breast cancer survivors have served on the BCRP review panels. Their vital role in the success of the BCRP has led to consumer inclusion in other biomedical research programs at DOD. In addition, this program now serves as an international model.

It is important to note that the DOD Integration Panel that designs this program has a plan of how best to spend the funds appropriated. This plan is based on the state of the science—both what scientists know now and the gaps in our knowledge—as well as the needs of the public. This plan coincides with our philosophy that we do not want to restrict scientific freedom, creativity and innovation. While we carefully allocate these resources, we do not want to predetermine the specific research areas to be addressed.

UNIQUE FUNDING OPPORTUNITIES

Developments in the past few years have begun to offer breast cancer researchers fascinating insights into the biology of breast cancer and have brought into sharp focus the areas of research that hold promise and will build on the knowledge and investment we have made. The Innovative Developmental and Exploratory Awards (IDEA) grants of the DOD program have been critical in the effort to respond to

new discoveries and to encourage and support innovative, risk-taking research. The IDEA grants have been instrumental in the development of promising breast cancer research. These grants have allowed scientists to explore beyond the realm of traditional research and have unleashed incredible new ideas and concepts. IDEA grants are uniquely designed to dramatically advance our knowledge in areas that offer the greatest potential.

IDEA grants are precisely the type of grants that rarely receive funding through more traditional programs such as the National Institutes of Health, and academic research programs. Therefore, they complement, and do not duplicate, other federal funding programs. This is true of other DOD award mechanisms as well.

For example, the Innovator awards are structured to recognize talented individuals, rather than projects, from any field of study by providing funding and freedom to pursue creative, potentially breakthrough research that could ultimately accelerate the eradication of breast cancer. In the area of training, the DOD BCRP has launched innovative programs such as Physician-Scientist Training Awards, which are intended to support the training of new breast cancer clinical research physicians.

Also, Historically Black Colleges and Minority Universities/Minority Institutions Physicians' Training Awards ("Minority Institution" awards) are intended to provide assistance at an institutional level. The major goal of this award is to support collaboration between multiple investigators at an applicant Minority Institution and a collaborating institution with established investment in breast cancer research, for the purpose of creating an environment that would foster breast cancer research, and in which Minority Institute faculty would receive training toward establishing successful breast cancer research careers.

These are just a few examples of innovative approaches at the DOD BCRP that are filling gaps in breast cancer research. It is vital that these grants are able to continue to support the growing interest in breast cancer research—\$175 million for peer-reviewed research will help sustain the program's momentum.

The DOD BCRP also focuses on moving research from the bench to the bedside. A major feature of the awards offered by the BCRP is that they are designed to fill niches that are not offered by other agencies. The BCRP considers translational research to be the application of well-founded laboratory or other pre-clinical insight into a clinical trial. To enhance this critical area of research, several research opportunities have been offered. Clinical Translational Research Awards, for investigator-initiated projects that involve a clinical trial within the lifetime of the award, make up the majority of the BCRP's translational research portfolio. The BCRP expanded its emphasis on translational research by offering 5 different types of awards that support work at the critical juncture between laboratory research and bedside applications.

SCIENTIFIC ACHIEVEMENTS

The BCRP research portfolio is comprised of many different types of projects, including support for innovative ideas, infrastructure building to facilitate clinical trials, and training breast cancer researchers.

One of the most promising outcomes of research funded by the BCRP was the development of Herceptin, a drug that prolongs the lives of women with a particularly aggressive type of advanced breast cancer. This drug could not have been developed without first researching and understanding the gene known as HER2-neu, which is involved in the progression of some breast cancers. Researchers found that over-expression of HER-2/neu in breast cancer cells results in very aggressive biologic behavior. Most importantly, the same researchers demonstrated that an antibody directed against HER2-neu could slow the growth of the cancer cells that over-expressed the gene. This research led to the development of the drug Herceptin. This research was made possible in part by a DOD BCRP-funded infrastructure grant. Other researchers funded by the BCRP are currently working to identify similar kinds of genes that are involved in the initiation and progression of cancer. They hope to develop new drugs like Herceptin that can fight the growth of breast cancer cells.

Several studies funded by the BCRP will examine the role of estrogen and estrogen signaling in breast cancer. For example, one study examined the effects of the two main pathways that produce estrogen. Estrogen is often processed by one of two pathways; one yields biologically active substances while the other does not. It has been suggested that women who process estrogen via the biologically active pathway may be at a higher risk of breast cancer. It is anticipated that work from this funding effort will yield insights into the effects of estrogen processing on breast cancer risk in women with and without family histories of breast cancer.

One DOD IDEA award success has supported the development of new technology that may be used to identify changes in DNA. This technology uses a dye to label DNA adducts, compounds that are important because they may play a role in initiating breast cancer. Early results from this technique are promising and may eventually result in a new marker/method to screen breast cancer specimens.

Another DOD BCRP IDEA award has generated a new vaccine targeted against ductal carcinoma in situ (DCIS), a malignant, non-invasive lesion that can develop into an invasive breast cancer. The vaccine is being tested on mice that develop spontaneous mammary tumors that over express the HER-2/neu protein. Mice treated with the vaccine show a markedly decreased rate of tumor development when compared to that generated for the prevention of tumor formation in women at risk for the development of HER-2/neu expressing tumors.

Investigators funded by the DOD have developed a novel imaging technique that combines two-dimensional and novel three-dimensional digital mammographic images for analysis of breast calcifications. Compared to conventional film screen mammography, this technique has greater resolution. Ultimately, this technique may help reduce the number of unnecessary breast biopsies.

Despite the enormous successes and advancements in breast cancer research made through funding from the DOD BCRP, we still do not know what causes breast cancer, how to prevent it, or how to cure it. It is critical that innovative research through this unique program continues so that we can move forward toward eradicating this disease.

FEDERAL MONEY WELL SPENT

The DOD BCRP is as efficient as it is innovative. In fact, 90 percent of funds go directly to research grants. The flexibility of the program allows the Army to administer it in such a way as to maximize its limited resources. The program is able to quickly respond to current scientific advances, and is able to fill gaps by focusing on research that is traditionally under-funded. It is also responsive, not just to the scientific community, but also to the public. This is evidenced by the inclusion of consumer advocates at both the peer and programmatic review levels. The consumer perspective helps the scientists understand how the research will affect the community, and allows for funding decisions based on the concerns and needs of patients and the medical community.

Since 1992, the BCRP has been responsible for managing \$1.2 billion in appropriations, which has resulted in 2,837 awards for fiscal year 1992–2000. The areas of focus of the DOD BCRP span a spectrum and include basic, clinical, behavioral, environmental sciences, and alternative therapy studies, to name a few. The BCRP benefits women and their families by maximizing resources; the program offers awards that fill existing gaps in breast cancer research. Scientific achievements that are the direct result of the DOD BCRP are undoubtedly moving us closer to eradicating breast cancer.

The outcomes of the BCRP-funded research can be gauged, in part, by the number of publications, abstracts/presentations, and patents/licensures reported by award-ees, to date. There have been 2300 publications in scientific journals, 1800 abstracts and 30 patents/licensure applications.

The federal government can truly be proud of its investment in the DOD BCRP.

POSITIVE FEEDBACK ON THE DOD BCRP

The National Breast Cancer Coalition has been the driving force behind this program for many years. The success of the DOD Peer-Reviewed Breast Cancer Research Program has been illustrated by two unique assessments of the program. The Institute of Medicine (IOM), which originally recommended the structure for the program, independently re-examined the program in a report published in 1997. Their findings overwhelmingly encourage the continuation of the program and offer guidance for program implementation improvements.

The 1997 IOM review of the DOD Peer-Review Breast Cancer Research Program commended the program and stated that, “the program fills a unique niche among public and private funding sources for cancer research. It is not duplicative of other programs and is a promising vehicle for forging new ideas and scientific breakthroughs in the nation’s fight against breast cancer.” The IOM report recommends continuing the program and establishes a solid direction for the next phase of the program. It is imperative that Congress recognizes the independent evaluations of the DOD Breast Cancer Research Program, as well as reiterates its own commitment to the Program by appropriating the funding needed to ensure its success. The IOM report has laid the groundwork for effective and efficient implementation of the

next phase of this vital research program, now all that it needs is the appropriate funding.

The DOD Peer-Reviewed Breast Cancer Research Program not only provides a funding mechanism for high-risk, high-return research, but also reports the results of this research to the American people at a biennial public meeting called the "Era of Hope." The 1997 meeting was the first time a federally funded program reported back to the public in detail not only on the funds used, but also on the research undertaken, the knowledge gained from that research and future directions to be pursued. The transparency of the BCRP allows scientists, consumers and the American public to see the exceptional progress made in breast cancer research.

At the 2002 Era of Hope meeting, all BCRP award recipients from fiscal years 1998–2000 were invited to report their research findings and many awardees from previous years were asked to present advancements in their research. Scientists reported important advances in the study of cancer development at the molecular and cellular level. Researchers presented the results of research that elucidates several genes and proteins responsible for the spread of breast cancer to other parts of the body, and, more importantly, reveals possible ways to stop this growth. The meeting, which marked the 10th Anniversary of the program, also featured grant recipients who are working towards more effective and less toxic treatments for breast cancer that "target" the unique characteristics of cancer cells and have a limited effect on normal cells.

The DOD Peer-Reviewed Breast Cancer Research Program has attracted scientists with new ideas and has continued to facilitate new thinking in breast cancer research and research in general. Research that has been funded through the DOD BCRP is available to the public. Individuals can go to the Department of Defense website and look at the abstracts for each proposal.

COMMITMENT OF THE NATIONAL BREAST CANCER COALITION

The National Breast Cancer Coalition is strongly committed to the DOD program in every aspect, as we truly believe it is one of our best chances at finding cures and preventions for breast cancer. The Coalition and its members are dedicated to working with you to ensure the continuation of funding for this program at a level that allows this research to forge ahead.

In May of 1997, our members presented a petition with over 2.6 million signatures to the Congressional leaders on the steps of the Capitol. The petition called on the President and the U.S. Congress to spend \$2.6 billion on breast cancer research between 1997 and the year 2000. Funding for the DOD Peer-Reviewed Breast Cancer Research Program was an essential component of reaching the \$2.6 billion goal that so many women and families worked to gain.

Once again, NBCC is bringing its message to Congress. Just last week, many of the women and family members who supported the campaign to gain the 2.6 million signatures came to NBCC's Annual Advocacy Training Conference here in Washington, D.C. More than 600 breast cancer activists from across the country joined us in continuing to mobilize behind the efforts to eradicate breast cancer. The overwhelming interest in, and dedication to eradicate this disease continues to be evident as people are not only signing petitions, but are willing to come to Washington, D.C. from across the country to deliver their message about our commitment.

Since the very beginning of this program, in 1993, Congress has stood in support of this important investment in the fight against breast cancer. In the years since then, Mr. Chairman, you and this entire Committee have been leaders in the effort to continue this innovative investment in breast cancer research.

NBCC asks you, the Defense Appropriations Subcommittee, to recognize the importance of what you have initiated. What you have done is set in motion an innovative and highly efficient approach to fighting the breast cancer epidemic. What you must do now is continue to support this effort by funding research that will help us win this very real and devastating war against a cruel enemy.

Thank you again for the opportunity to submit testimony and for giving hope to the 2.6 million women living with breast cancer.

Senator STEVENS. Thank you. I think we started this research 11 years ago.

Ms. VISCO. Yes.

Senator STEVENS. Twelve years ago. And every year we have put the money up for this research and prostate cancer research in increasing amounts. But I have not seen a similar response from the private sector. While we are going to continue to support research

for prostate cancer and breast cancer, I am going to urge Congress to start requiring matching funds at least of some amount to come forward from the private sector.

We cannot continue to increase the amount of money that comes out of the defense bill for this research when the more money we put up the less you get from the private sector. I think that trend has to stop and we have to see a strong response from the private sector for us to continue our support for these research—particularly when it is requested from this subcommittee for money from the defense account.

Now, we have many women in the armed services now and they deserve to have the military proceeding to deal with one of their major concerns, which is breast cancer. We will continue, but I do think that the research that we are doing with defense dollars, it benefits the whole society, but the society ought to respond more to the demands for this research money as it has in the past.

Ms. VISCO. Mr. Chairman, we would be happy, the National Breast Cancer Coalition would be happy, to work with your staff to give you information on what is being done now in the community outside of the government, so we can work from there. We would be happy to work with you in that regard.

Senator STEVENS. I would like to see that. I would like to see to it that the organizations that are asking for taxpayers' money are reaching out and trying to raise non-taxpayers' money to continue this research.

Ms. VISCO. Yes, sir. We will give you that information.

Senator STEVENS. Thank you very much.

Our next witness is Martin B. Foil, member of the Board of Directors, National Brain Injury Research and Treatment and Training Foundation.

STATEMENT OF MARTIN B. FOIL, JR., MEMBER OF THE BOARD OF DIRECTORS, NATIONAL BRAIN INJURY RESEARCH, TREATMENT AND TRAINING FOUNDATION

Mr. FOIL. Thank you, Senator Stevens, Mr. Chairman. It is good to be back. We appreciate everything that you and your folks here on the committee have been doing.

My name is Martin Foil. I am the father of a man with a severe brain injury. I am happy to be here on behalf of the wonderful men and women in our armed services. Really, I know we are all proud of what they did and their valiant performance in Operation Iraqi Freedom.

I am privileged to come here today to request \$5 million in funding for the Defense Veterans Head Injury Program (DVHIP), which provides treatment and services to thousands of military people injured annually. As you know, the DVHIP is a component of the military health system, providing direct care at treatment facilities in veterans hospitals throughout the Nation. While there is a research component, it provides mainly state-of-the-art medical care and rehabilitation to our personnel who sustain concussions and more severe brain injury. Our goal is to get them back to work as soon as possible.

Since the war on terrorism began, DVHIP has treated some 40 troops injured in Operation Enduring Freedom in Afghanistan and Iraqi Freedom. On two occasions, President Bush has visited a few

of these soldiers who were being treated at our lead site at Walter Reed. My written testimony includes examples of military personnel who have recently received care under the full spectrum of the DVHIP program from acute care to rehabilitation to community reentry and, more importantly, return to work.

Some highlights of the program include collaborating with leading researchers on battlefield biomarkers for mild brain injury and injury recovery. The goal here is to see if they need to be taken back from the front line or if they are going to be well in a few hours or a few days. Working with the U.S. Army Aeromedical Laboratory at Fort Rucker, we are working and implementing phase two of the paratrooper's helmet study at Fort Bragg, a very interesting study. We have also been asked to assist in evaluation of potential concussions as a result of blast injuries, particularly those from land mines.

I respectfully request your support for the \$5 million from the DOD appropriations bill under health affairs operations and maintenance for fiscal year 2004. This funding request is supported by Senators Reed, Kennedy, Hagel, Allen, Rockefeller, and Boxer, and the Congressional Brain Injury Task Force.

Indeed, we are all grateful for your support over the years. We hope you again support our efforts to provide the best care for our brave men and women in uniform.

Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF MARTIN B. FOIL, JR.

Dear Chairman Stevens, Senator Inouye and Members of the Senate Appropriations Subcommittee on Defense: My name is Martin B. Foil, Jr. and I am the father of Philip Foil, a young man with a severe brain injury. I serve as a volunteer on the Board of Directors of the National Brain Injury Research, Treatment and Training Foundation (NBIRTT)¹ and Virginia NeuroCare in Charlottesville, Virginia (VNC).² Professionally, I am the Chief Executive Officer and Chairman of Tuscarora Yarns in Mt. Pleasant, North Carolina.³

On behalf of the thousands of military personnel that receive brain injury treatment and services annually, I respectfully request that \$5 million be added to the Department of Defense (DOD) Health Affairs budget for fiscal year 2004 under Operation and Maintenance for the Defense and Veterans Head Injury Program (DVHIP).

I appreciate the opportunity to provide testimony regarding this important program which is a collaborative effort among DOD, Department of Veterans Affairs (DVA), the Henry M. Jackson Foundation for the Advancement of Military Medicine and the Uniformed Services University of the Health Sciences (USUHS).

The Defense and Veterans Head Injury Program (DVHIP)

Established in 1992, the DVHIP is a component of the military health care system that integrates clinical care and clinical follow-up, with applied research, treatment and training. The program was created after the Gulf War to address the need for an overall systemic program for providing brain injury specific care and rehabilitation within DOD and DVA. The DVHIP seeks to ensure that all military personnel and veterans with brain injury receive brain injury-specific evaluation, treatment and follow-up. Over time, the research conducted by the DVHIP has come to define optimal care for military personnel and veterans with brain injuries. A multi-center

¹NBIRTT is a non-profit national foundation dedicated to the support of clinical research, treatment and training.

²VNC provides brain injury rehabilitation to military retirees, veterans and civilians through an innovative and cost effective day treatment program.

³I receive no compensation from this program. Rather, I have raised and contributed millions of dollars to support brain injury research, treatment, training and services.

clinical care and clinical research program, the program's motto is "working for a cure."

The DVHIP has been proactive since its inception, developing numerous innovative programs that enable patients to have a variety of treatment options at each site. Clinical care and research is currently undertaken at seven DOD and DVA sites and one civilian treatment site,⁴ allowing single and multi-center trials to be conducted informing future clinical care and treatment strategies. In addition to providing treatment, rehabilitation and case management at each of the 8 primary DVHIP traumatic brain injury (TBI) centers, the DVHIP includes a regional network of additional secondary veterans hospitals capable of providing TBI rehabilitation, and linked to the primary lead centers for training, referrals and consultation. This is coordinated by a dedicated central DVA TBI coordinator and includes an active TBI case manager training program.

The DVHIP is a model program of efficient and effective collaboration between DOD and DVA.

DVHIP Stands Ready to Treat Troops and Veterans Sustaining Brain Injuries

Head injury is a leading combat concern in modern warfare. Neurotrauma (traumatic brain and spinal cord injuries) accounts for almost 25 percent of combat casualties. In addition, secondary brain injuries—resulting from stroke, cerebral ischemia, seizures, ionizing radiation, low blood pressure due to loss of blood volume, nerve agents, cyanide, toxic concentrations of oxygen, neurotoxicity due to central nervous system (CNS) malaria or treatment with antimalaria agents, and other CNS traumas, have a significant impact on the health and readiness of military personnel. Many of the currently feared terrorist threats would involve secondary brain injuries, particularly those involving chemical or biological neurological insults.

The DVHIP sites have provided clinical care for over 40 casualties from the War on Terrorism to date. Thorough evaluation, referral for appropriate clinical supports, prompt discharge to home or military unit, and focus on returning service members to active duty have been the primary goals of the clinical care provided to these war fighters. Additional service members have been identified who were promptly discharged back to their units. These individuals will be actively followed to ensure that they receive specialized clinical care and follow-up as needed.

The DVHIP is prepared to provide a full continuum of care for military personnel injured during any and all future hostilities.

Examples of Military Personnel Injured, Treated and Returning to Work

The following are examples of injured active duty military personnel who recently received care provided by the DVHIP:

- On April 11, 2003, President Bush visited soldiers being treated at Walter Reed Army Medical Center (WRAMC) who were injured during Operation Iraqi Freedom. At least 2 patients were under the care of DVHIP staff.
- On January 16, 2003, President Bush visited WRAMC and saw five soldiers who had been injured during Operation Enduring Freedom in Afghanistan, one of whom sustained a brain injury along with a fractured skull and other broken bones. The Washington Post reported on the President's visit and noted that some 200 troops have been injured in Afghanistan. The soldier with the brain injury was treated by DVHIP staff.
- Another soldier treated at WRAMC was featured on the front page of WRAMC's publication *Stripe*, on January 17, 2003. A photo showed First Sgt. Colin Robert Rich, A Company, 1st Battalion 504th Parachute Infantry Regiment, receiving a visit from Secretary of the Army Thomas E. White. Sgt. Rich had been shot in the head on December 28, 2002 while serving in Afghanistan. *Stripe* reported that Sgt. Rich explained to the Secretary that the round went through his Kevlar helmet, "which decelerated it enough that it didn't blow my head up. It ricocheted and it did shatter the skull." Rich added, "Love your Kevlar", sir, that's my motto." Rich received initial acute care at a hospital in Germany within 15 hours of being shot and arrived at WRAMC on January 4 where he was cared for by DVHIP staff before being discharged home on January 16, 2002.
- In June of 2002, a 32 year old female Air Force Tech Sgt. customer service and unit deployment manager fell asleep while driving and rear-ended a stationary 18-wheeler at highway speed. She sustained a severe brain injury and remained

⁴Walter Reed Army Medical Center, Washington, DC; James A. Haley Veterans Hospital, Tampa, FL; Naval Medical Center San Diego, San Diego, CA; Minneapolis Veterans Affairs Medical Center, Minneapolis, MN; Veterans Affairs Palo Alto Health Care System, Palo Alto, CA; Virginia Neurocare, Inc., Charlottesville, VA; Hunter McGuire Veterans Affairs Medical Center, Richmond, VA; Wilford Hall Medical Center, Lackland Air Force Base, TX.

in a coma for 7 days at Memorial Hermann Hospital in Houston, Texas. She was transferred to the Veterans Affairs Palo Alto Health Care System for inpatient rehabilitation by the DVHIP on July 11, 2002. Her admission evaluation revealed multiple neurological, physical and cognitive symptoms.⁵ By August 13, 2002 she was discharged with improved neurological, physical and cognitive abilities and returned home to San Antonio with her husband and two young children. She received outpatient therapy at Warm Springs Rehabilitation Hospital in San Antonio through the end of the year. On November 20, 2002 she was evaluated by the medical board at Wilford Hall Medical Center (WHMC) and showed mild residual symptoms.⁶ The board recommended trial of duty, initially half days with close supervision. She was evaluated six months post injury by DVHIP staff at WHMC on February 5, 2003 and underwent a driving re-evaluation on February 7, with full driving privileges recommended. She began her trial of duty on February 11, 2003 and anticipates going to the NCO academy if her recovery continues as anticipated.

—Sgt. MF, a 39 year old Army Recruiter was involved in a motorcycle accident in July 2002, resulting in a traumatic brain injury. His initial evaluations showed a very serious brain injury to the right and left sides of the brain with a sub-dural hematoma and massive swelling. He underwent major surgery to remove part of the bleed and resulting damage to the right side of the brain. He received his acute care in Louisville, Kentucky, and was subsequently transferred to McGuire Veterans Hospital in Richmond, Virginia, for post-acute rehabilitation and then to Virginia NeuroCare (VNC) in October 2002 for community re-entry rehabilitation. He was discharged to the Medical Holding Company Unit at his Army station of origin on March 8, 2003. MF stated that he was very satisfied with his care throughout his entire recovery and rehabilitation. He stated that the DVHIP staff at the Richmond VA and Virginia NeuroCare took a one-on-one interest in him and he was pleased with his rehabilitation experience.

At VNC, Sgt. MF was particularly appreciative of the opportunity to live independently in a transitional apartment. He reported that the therapy program was good, and he appreciated the fact that the program was tailored to individual needs. His volunteer placement at the local Army Recruiting Station during the final phase of his rehabilitation at VNC was a positive experience that led him to believe he would get his life back.

These are just a few examples of what DVHIP does for hundreds of military personnel each year—from being ready to care for injured troops in the acute care setting to neuro-rehabilitation involving the entire patient to full community integration.

DVHIP Support for Families after Brain Injury

Every military commander and soldier knows the importance of taking care of their families so that they may focus on performing their critical duties. This is especially important in times of conflict, as demonstrated during Operation Iraqi Freedom. When soldiers sustain brain injuries in conflict, taking care of families is even more important. This is because the impact of brain injury on the family is particularly traumatic, in that not only life and death are at stake, but there are also significant disruptions to family systems for months or years thereafter as the rehabilitation and recovery process ensues.

On May 3, 2003, Deputy Commander Lt. General Doug Brown of Special Operations had the opportunity to observe first hand the support services provided to families of our soldiers and veterans when he was visiting a soldier undergoing rehabilitation at Tampa VAMC for a brain injury from shrapnel sustained during Operation Iraqi Freedom. General Brown participated in the program's family support group and listened to the stories of the families and survivors. General Brown expressed his appreciation for the treatment and services offered and the importance and usefulness of the family support group.

Support groups have been provided by the DVHIP since the program's inception in 1992. Family support groups provide a great deal of support, education, and in-

⁵ Her symptoms included mild dizziness, headaches, continued diminished rapid toe and finger movements on the right, abnormal gait but walking unassisted, difficulties with fluency, naming, reading and word-finding difficulties. Greatest cognitive impairments continued in the areas of memory and problem solving—modified independent level of function in bathing and dressing due to wearing a brace for the vertebral fracture. Independent in all other area of basic self-care.

⁶ Improved speech, persistent mild facial numbness, mild disequilibrium without vertigo, walking independently, continued weakness in verbal memory but effective use of compensatory techniques; able to care for 4 year-old and 10-month old children at home.

formation to families. The family support program at the Tampa VA also holds bi-annual reunions in which former patients and families come from around the country.

Educating Care Providers

On April 30, and May 1, 2003, DVHIP and the WRAMC Department of Psychology, Neuropsychology Postdoctoral Fellowship held the first joint sponsored brain injury conference, entitled "Innovative Concepts In Traumatic Brain Injury: Neurobiological and Neurobehavioral Aspects." The presenters, David A. Hovda, Ph.D. from UCLA and Jeffrey T. Barth, Ph.D. from UVA are both internationally recognized scientists-practitioners in the area of brain injury. The conference targeted both experienced health-care professionals and postgraduate trainees and residents the areas of neurology, neuropsychology, neurosurgery, psychiatry, and physical medicine and rehabilitation, as well as other professionals with an interest in learning about the neurobiological and neurobehavioral aspects of traumatic brain injury. With this audience in mind the conference presented a balance of both an overview of the basics of the biomechanical aspects of TBI as well as cutting edge research. The two-day conference was attended by over 70 professionals and trainees from the DOD and VA throughout the National Capital Area and a story on the conference appeared in the May 2, 2003 edition of *Stripe*.

Education of corpsmen and other military medical providers on concussion care continues to be one of the primary objectives at the DVHIP at Camp Pendleton. Additionally, standardized educational programs are being developed this year by the DVHIP educational core in order to reach a greater number of medical providers. DVHIP plans to make these educational materials available on its website to enhance this outreach and provide information to providers in austere locations where travel for on-site training would not be possible.

Additional DVHIP Accomplishments and Ongoing Research Initiatives

Provided successful rehabilitation and return to work and community re-entry for active duty military personnel and veterans.

Established the War on Terrorism Brain Injury Registry to identify individuals with brain injury and examine clinically relevant issues in the management of brain injury sustained in theatre.

Ongoing studies are being conducted with Army paratroopers and cadets and U.S. Marines at Fort Bragg, West Point, and Camp Pendleton. These studies are investigating brief evaluation instruments for use on the battlefield to determine which injured service members require immediate treatment and which can return to duty. The goal of these studies is to preserve our nation's fighting strength while conserving medical resources for those injured and requiring treatment.

Completed enrolling patients in a research protocol on functional rehabilitation versus cognitive rehabilitation for severe brain injury.

A randomized controlled study of sertraline for post concussive syndrome is being carried out in all DVHIP military and VA sites.

Started new randomized controlled trial of valproate for brain injury related agitation at James A. Haley Veterans Hospital, Tampa, Florida.

A new DVHIP website is currently under construction. The website will provide information to individuals with brain injury, their families and caregivers, as well as to clinicians, researchers and the general public.

Fiscal year 2004 Goals

Expand clinical capacity to meet the need to care for an increasing number of injured military personnel and veterans.

Improve rehabilitation and treatment program for active duty service members with mild cognitive impairment following possible chemical or biological exposure.

Establish a multi-center trial to provide the first evidence on the effectiveness of cognitive rehabilitation and stimulant medication early in recovery from severe brain injury.

Conduct the study of enhanced protection from parachute injury by field testing approved novel helmet configurations at Fort Bragg.

Develop return to duty guidelines through analysis of data collected in the West Point sports concussion study and the Fort Bragg concussion study.

Examine biomarkers in mild brain injury and injury recovery in collaboration with Ron Hayes, Ph.D. at the Evelyn F. and William L. McKnight Brain Institute at the University of Florida.

Examine the utility of mobile transcranial Doppler ultrasonography to identify cerebral blood flow alterations in mild brain injury and recovery patterns.

Report to the U.S. Army the findings from the War on Terrorism Brain Injury Registry regarding incidence of closed head injury and the impact of early wound closure in penetrating brain injury.

Extend outcomes research through the evaluation of long-term work and duty status in DVHIP rehabilitation trial participants.

Disseminate evidence based guidelines on pharmacological management of neurobehavioral consequences of brain injury.

Expand the DVHIP Registry to include patients from additional DVA and DOD medical facilities. Broaden the spectrum of care for military personnel and veterans who have sustained brain injuries by using the DVHIP Registry to identify individuals in need of additional treatment and support.

Expand the content and services of the DVBIC website. Future website applications will include enhanced educational materials and the capability to make referrals and gain access to care.

Conclusion

As a part of the military health program, the DVHIP is in a unique position to help prevent, treat, and provide education regarding brain injury and to lead efforts to better the lives of active duty and retired military personnel affected by brain injury. The DVHIP stands ready to assist in the care of troops injured in any and all potential hostilities.

I respectfully urge your support for \$5 million for the DVHIP in the fiscal year 2004 Defense Appropriations bill in the DOD Health Affairs budget under Operation and Maintenance to continue this important program.

Senator STEVENS. Thank you very much for appearing again. We appreciate your concern.

Mr. FOIL. Always a pleasure to be here, sir.

Senator STEVENS. We will do our best.

Next, Captain Marshall Hanson, U.S. Naval Reserve, Acting Chair of Associations for America's Defense. Good morning, sir.

STATEMENT OF CAPTAIN MARSHALL HANSON, USNR (RETIRED), ACTING CHAIR, ASSOCIATIONS FOR AMERICA'S DEFENSE

Captain HANSON. Good morning, Mr. Chairman. The Associations for America's Defense (A4AD) thanks you for the opportunity to testify today.

A4AD first met in March of 2002 because it felt that certain defense issues were not being addressed in the MSO community. At the initial meeting were Enlisted Association of the National Guard of the United States (EANGUS), Marine Corps Reserve Officer's Association (MCROA), Naval Reserve Association (NRA), Naval Enlisted Reserve Association (NERA), National Association of Uniformed Services (NAUS), The Retired Enlisted Association (TREA), Veterans of Foreign Wars (VFW), and the Center for Strategic Policy. Military Order of World Wars (MOWW), the Navy League, and ROA have since joined. Collectively we represent over 2.5 million members.

A4AD looks at national defense, equipment, force structure, funding, and policy issues. We are submitting what we feel are the top equipment requirements for the active and Reserve Armed Forces in our written statement.

In the President's budget, DOD has made clear its intent to consolidate all pay and operations and maintenance (O&M) accounts into one appropriation per service. A4AD strongly opposes the proposed consolidation. While we support seeking efficiencies, we view the proposed business consolidation as ill-conceived and as an attempt to reduce congressional oversight.

Further, the Defense Transformation for the 21st Century Act of 2003 recommends amending Title 10 to allow the Secretary of De-

fense (SECDEF) to transfer 2½ percent of appropriated funds for military functions. A4AD is opposed to this degree of authority. Two-and-a-half percent is too high a sum of money and allows a high risk that items authorized by Congress could be stripped of funding to support a DOD project viewed as underfunded.

We further disagree with an increase of the \$10 million limit to \$20 million to allow reprogramming of acquisition funds.

The United States is still at war, as evidenced by this week's bombing in Riyadh. While Secretary of Defense Rumsfeld claims that there are no plans for reduction, subtle pressures are to be found encouraging personnel cuts. Defense planners within each service see the writing on the wall with money being moved by DOD from personnel to research and weapons systems and they are going to preemptively recommend select personnel cuts to save portions of their programs starting in fiscal year 2005 and 2006.

It should be remembered that it is a mixture of legacy forces and 21st century technology that has brought a swift victory against Saddam. The presence of troops on the ground is enabling us to capture members of the Iraqi regime. While the vision of joystick warfare, with operators removed from the battle site, is a subject of magazine articles, it is the blood and sweat of our young men and women who capture and win the battlefield.

The Senate authorization has agreed to the President's fiscal year 2004 numbers. The House has included increases. A4AD supports full funding for end strengths proposed by the House. We also solicit your input and backing for maintaining or increasing end strengths in future budgets.

A core of military and veterans associations are now looking beyond just personnel matters to the broader issues of national defense. As a group, we will continue to meet in the future and we hope to provide your committee with our inputs.

Thank you for your ongoing support for the Nation, the armed services, and the fine young men and women who defend our country. I stand by for questions.

Senator STEVENS. I do not have any questions. Thank you very much for presenting your statement. We appreciate your comments and will do our very best to follow through on them. We appreciate your concern.

Captain HANSON. Thank you.

[The statement follows:]

PREPARED STATEMENT OF CAPTAIN MARSHALL HANSON

INTRODUCTION

Mister Chairman and distinguished members of the Committee, The Associations for America's Defense (A4AD) are very grateful for the invitation to testify before you about our views and suggestions concerning current and future issues facing the defense appropriations.

Founded in 2002, the Association for America's Defense is a recently formed adhoc group of Military and Veteran Associations that have concerns about National Security issues that are not normally addressed by The Military Coalition, and the National Military Veterans Alliance. The participants are members from each. Among the issues that are addressed are equipment, end strength, force structure, and defense policy. Collectively, we represent about 2.5 million members.

- Enlisted National Guard Association of the United States
- Marine Corps Reserve Association
- Military Order of World Wars

- National Association for Uniformed Services
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Navy League of the United States
- Reserve Officers Association
- The Retired Enlisted Association
- Veterans of Foreign Wars

Collectively, the preceding organizations have over two and a half million members who are serving our nation, or who have done so in the past. The number of supporters expands to beyond five million when you include family members and friends of the military.

A4AD, also, cooperatively works with other associations, who provide input while not including their association name to the membership roster.

CURRENT AND FUTURE ISSUES FACING DEFENSE

The Associations for America's Defense would like to thank this Committee for the stewardship that it has demonstrated on issues of Defense. Its pro-defense and non-partisan leadership sets the example.

In keeping with this, A4AD would like to submit what its membership feel are the top equipment requirements for the Armed Forces. Over the last six months, A4AD has compiled this list to provide the committee with a consolidated listing which does not favor a particular service and is a compilation from numerous sources. Both Active and Reserve requirements are provided for the major four of the uniformed services. The services are not listed in priority order.

Top Equipment Requirements:

Air Force Active:

- F/A-22's
- Tanker Modernization
- Space-Based Infrared System SBIRS

Air Force Reserve:

- C-17's (replaces aging C-141)
- F-16 Upgrades; sensor, targeting pods, displays
- A-10 Targeting Pods
- C-40's Medivac (replaces aging C-9A)

Air Guard:

- C-17's
- KC-135 Re-engine
- Litening II targeting pods

Army Active:

- Recapitalize The M1A1 & M2 force
- AH-64 and CH-47 Aviation Upgrades
- Objective Force Future Combat Systems

Army Reserve:

- Light Medium Tactical Vehicles (LMTV)
- Medium Tactical Vehicles (MTV)
- High Mobility Multi-Purpose Wheeled Vehicle (HMMWV)
- IHFR Radio

Army Guard:

- UH-60 Black Hawks
- AH-64 Apaches

Active Marine Corps:

- JSF Joint Strike Fighter
- V-22 Osprey Program
- AAAV Program

Reserve Marine Corps (and Active):

- F/A-18 ECP-583 Upgrade
- CH-53E HNSV "B" Kits (Forward Looking Infrared)
- Initial Issue equipment

Active Navy:

- Littoral Combat Ship

F/A-18 E/F Procurement
DD(X)

Naval Reserve:

C-40A's Airlift Aircraft (replace aging C-9B)
LITTORAL SURVEILLANCE SYSTEM, LSS
F/A-18 ECP-560 Upgrades
Language delaying decommissioning of Navy's Coastal Patrol Craft (PCs) and
Aviation Squadrons
Equipment requirements on the above equipment list were purposely broken out
by Active and Reserve requirements.

Maintaining the Reserve Equipment List

Issue.—The Active Duty leadership has fallen short of fulfilling the Congressional mandate of responsibility for funding Reserve as well as Active Duty equipment through budgetary planning. The active solution seems to be suggesting that Reserve equipment should be returned to the Active Duty. This would be a mistake.

Position.—The overwhelming majority of Reserve and Guard members join the RC to have hands-on experience with equipment. The training and personnel readiness of Guard and Reserve members depends on constant hands-on equipment exposure. Historical records show that Guard and Reserve units maintain hardware and equipment at or higher than average material readiness and often have better training readiness.

In Operation Iraqi Freedom, Reserve and Guard units have proven their readiness. Current and future war fighting requirements will need these highly qualified units when the Combatant Commanders require fully ready units. The personnel readiness, retention, and training of Reserve and Guard members will depend on them having Reserve equipment that they can utilize, maintain, train on, and deploy with when called upon.

Depending on Active Component hardware has never been successful for many functional reasons. History shows that this can only be accomplished through Reserve and Guard equipment, since the training cycles of Active Components are rarely, if ever, synchronized with the training or exercise times of Guard and Reserve units. The A4AD recommends strengthening the appropriations for Reserve and Guard equipment in order to maintain highly qualified trained Reserve and Guard personnel.

We ask this committee to provide appropriations against unfunded equipment requirements. To appropriate funds to Reserve equipment would help emphasize to the Active Duty that it is exploring dead-ends by suggesting the transfer of Reserve equipment away from the Reservists.

Not Combining Active and Reserve Appropriations:

Issue.—The fiscal year 2004 Defense budget request makes it clear that OSD intends to consolidate all pay and O&M accounts into one appropriation per service. These consolidations would require various legislative changes before they could become law. The rationale for the consolidations is to provide greater flexibility for the Active chiefs to move monies from the Reserve and Guard pay accounts to fund Active component pay and O&M shortfalls. Managing fewer appropriations would also make managing pay and O&M easier.

Position.—The Associations for America's Defense strongly opposes the proposed consolidation of all Guard, Reserve and Active pay into one service pay appropriation. We similarly oppose the proposed consolidation of all Guard, Reserve and Active operations and maintenance accounts into one service O&M appropriation. While we support seeking efficiencies wherever possible, we view the proposed "business" consolidation as ill conceived, misrepresented as inefficient, and as an attempt to reduce Congressional oversight. We oppose it for a variety of other reasons, as well.

Under current law, the Reserve chiefs are the directors for their respective Reserve pay and O&M appropriations. Public Law 90-168, as amended by the fiscal year 1997 NDAA, vested in the Reserve chiefs full management and control of their respective Reserve financial resources. Consolidating Reserve and Active pay into one appropriation would divest the Reserve chiefs of this authority and preclude their executing the programs and responsibilities, and maintaining the readiness mandated by Congress.

Much of the Guard and Reserve annual training occurs during the fourth quarter of a fiscal year, the same time frame when the Active components are most likely to run short of funds and may desire to use Reserve pay and O&M to fund their own shortfalls. Allowing the Active components the "flexibility" to use Reserve funds whenever they need to pay Active component bills means that somewhere a Reserve

soldier or sailor will not be paid, a Reserve unit will not be trained for mobilization, or Reservist will not receive the specialized training needed for promotion, and ultimately retention. The Active Component will have flexible funding at the cost of Reserve Readiness.

Opposition to: Proposed Revision to authorization on Appropriations Funding

Issue.—The Defense Transformation for the 21st Century Act of 2003 recommends under Title IV, Subtitle A, Section 411, that Section 2214 of title 10 be amended to “enhance General Transfer Authority and allow authority to SECDEF to permit the transfer of 2.5 percent of the total appropriations or funds appropriated to the Department of Defense for that fiscal year of working capital funds of DOD for military functions (except MILCON); increasing to five percent in times of war or emergency.

Position.—A4AD is opposed to this degree of authority. Two and a half percent of \$400 billion is \$10 billion. This is the same amount that the Bush Administration asked for in funding, without detailing utilization, which Congress turned down. This is too high a sum of money, and permits a high risk that items authorized by Congress could be stripped of funding to support a DOD project viewed as under funded.

Issue.—The Defense Transformation for the 21st Century Act of 2003 recommends under Title IV, Subtitle A, Section 412, that Section 2214 of title 10 be amended to permit the transfer of funds to correct specific acquisition.

Position.—This requested change from a \$10 million to a new \$20 million limit of reprogramming of funds provides too much “flexibility” to the Secretary of Defense, reducing Congressional oversight.

Maintaining or Increasing End Strength

Issues.—The United States is at War. While Secretary of Defense Rumsfeld has publicly opposed increases, and claims there are no plans for reduction, subtle pressures are to be found encouraging personnel cuts. It has been reported that Secretary of Defense Rumsfeld throttled down on the troop presence in Iraq, even though the commanders in the field wanted more. The Chairman of the Joint Chiefs of Staff, Air Force General Richard Myers, is already on record saying that, “leaner forces contributed to tactical surprise, success in Iraq.” The Presidential budget suggested an 1,100 person cut in the Navy and a 1,900 (2.2 percent) person cut in the Naval Reserve, as a start. DoN planners are suggesting another 11 percent cut in the Naval Reserve for fiscal year 2005.

Position.—It should be remembered that it is a mixture of legacy forces and 21st century technology is what brought us swift victory against Saddam’s regime. The presence of troops on the ground is enabling us to capture members of the Iraqi regime. While the vision of a “joy stick” warfare, with operators removed from the battle site, is the subject of magazine articles; it is the blood and sweat of our young men and women who capture and win the battleground. We are decades away from bucolic warfare.

A4AD has continuing concerns about the mismatch between reducing active duty and reserve force strengths and the increasing mission requirements. While retention remains at record highs, and military members seem ready and willing to make personal sacrifices on behalf of their country in the War on Terrorism, this luxury of manpower will not last. The Navy, the first service to suffer manpower cuts, set record deployment lengths during Iraqi Freedom. The President/DOD should not be even implying cuts while the U.S.A. is at war.

A4AD believes the Administration and Congress must make it a high priority to maintain if not increase end strengths of already overworked military forces, even though DOD seems to want to work these forces even harder. End strengths need to be closely examined by both the House and Senate as a first step in addressing this situation.

Full funding for proposed end strengths is sought by A4AD. We also solicit your input and support for maintaining or increasing end strength in future debates.

The 4 percent solution

Issue.—Despite increases in the Defense budget, demands will be outstripping the availability of dollars. As money begins to be reprogrammed into Research and Development, the active duty programs will be stressed by perceived shortfalls. Resulting covetous possession will distort long term planning as planners seek to preserve favorite programs, surrendering the vulnerable and obsolete as a means to maintain the “strong”. Such acquisitiveness will stifle innovation, and eradicate retention.

Position.—A4AD urges the President of the United States and members of Congress to continue to increase defense spending to a minimum of 4 percent of Gross Domestic Product. The Armed Forces are an instrument of National Security and

Defense, and are in affect an insurance policy to this Country; as demonstrated by events since 9–11–2001. Americans should be willing to invest as much into defense as we do into the personal insurance policies.

CONCLUSION

A core of military and veteran associations are looking beyond personnel issues to the broader issues of National Defense. As a group, we will continue to meet in the future, and hope to provide your committee with our inputs.

Thank you for your ongoing support of the Nation, the Armed Services, and the fine young men and women who defend our country.

Senator STEVENS. Steven Garrett, the Deputy Legislative Director of the Retired Enlisted Association.

STATEMENT OF STEVEN L. GARRETT, DEPUTY LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION

Mr. GARRETT. On behalf of The Retired Enlisted Association (TREA), I would like to thank the committee for allowing us to testify today. TREA is an association that focuses its attention on the issues related to senior active duty personnel and especially military retirees. I will focus my testimony on these concerns.

Understanding the differences between the duties of the appropriators and the authorizers, I will do my best to stay within the boundaries of this committee's jurisdiction. In short, I will emphasize the need for funding currently authorized programs, areas TREA would like the committee to keep in mind, and finally a few extraneous issues.

As I am sure you are aware, the 2003 National Defense Authorization Act (NDAA) includes the combat-related special compensation provision, and TREA would like to emphasize that this measure is a welcome step in the right direction and we anticipate continued progress. In the meantime, we ask for the proper appropriation to fund this new entitlement.

The basic allowance for housing was also authorized an increase. Here again, we request that it receive the necessary funding from this committee.

Thirdly, TREA would like to join Congress and the rest of the country in its appreciation for the sacrifices of the Guard and the Reserve and ask that these vital components be fully funded so that they will be ready to act as quickly as we call on them.

A couple of issues to keep in mind. It is with great emphasis that TREA encourages the members of this committee to stay current with issues, issues of concurrent receipt, survivor benefit plan, and health care, with regard to further base realignment and closures, or BRAC. These closures have significant impact on the beneficiaries using Tricare that needs to be taken into consideration if Congress deems BRAC necessary. We are working these issues with the authorizing committee and it is our goal that they will be authorized and brought before your committee in the near future.

Before closing, I would like to mention a quick concern. TREA is cautious of the DOD request the assume more control of its spending. It concerns us that this authority may come at the expense of personnel and retirement issues. We urge this committee to scrutinize this proposal with this thought in mind.

In addition to the above statements, I ask that you look carefully at the written statements of the Military Coalition and the National Military Veterans Alliance. These groups represent veterans

and retiree communities in a very positive manner, and as an active member of both organizations TREA requests that you give them close attention.

Again, I thank the committee for the opportunity to present our issues and concerns and we look forward to working with you to improve the quality of life for veterans, retirees, and their families. [The statement follows:]

PREPARED STATEMENT OF STEVEN L. GARRETT

On behalf of The Retired Enlisted Association I would like to thank the committee for allowing me to testify today. The Retired Enlisted Association is an association whose members are enlisted military retirees and their families.

HEALTH CARE FOR MILITARY BENEFICIARIES

Today, there are approximately 8.2 million beneficiaries in the military health care program. Military retirees and their dependents make up nearly one half of that number, and over 500,000 retirees have lost or will lose their access to military health care as a result of the closure of approximately 40 percent of military treatment facilities. Access to affordable health care, regardless of age, status or location, has represented a major concern among military retirees.

The creation of TRICARE for Life and a TRICARE Senior Pharmacy benefit in Public Law 106-398 was an historic triumph for Congress and those 1.3 million Medicare-eligible military retirees and dependents. While TRICARE for Life came with its own funding stream in fiscal year 2002, authorization must be budgeted to provide for the program for fiscal year 2004. The Retired Enlisted Association recommends that you continue to improve this important program by providing the necessary funding. The Retired Enlisted Association also applauds your work last year in eliminating TRICARE co-payments for active duty family members. We also salute the Department of Defense for reducing active duty time for Reservists to 30 days for their families to be eligible for TRICARE.

Although Congress enacted legislation to restore TRICARE to Medicare-eligible beneficiaries as a wraparound to Medicare (TRICARE for Life) and to improve TRICARE for active duty families, further improvements are still needed, especially for retired beneficiaries under age 65. TRICARE must be a consistent, reliable and equitable health care benefit for all uniformed services beneficiaries, regardless of age or geography.

The fiscal year 2001 NDAA eliminated copays for active duty family members enrolled in Prime, and enacted TRICARE For Life (TFL) and TRICARE Senior Pharmacy (TSRx) for Medicare-eligibles. With TFL implementation complete Congress and DOD must turn their attention to improving serious shortcomings in healthcare benefits for TRICARE beneficiaries under the age of 65.

- Low reimbursement rates are causing providers to refuse any TRICARE patients or reduce the number of TRICARE patients they will treat, limiting beneficiary access and choice. Solution: Increase statutory (Medicare) payment rates; require use of existing authority to raise TRICARE rates where necessary to ensure sufficient numbers of participating providers.
- TRICARE is cumbersome to use and causes administrative hassles for providers and beneficiaries attempting to obtain authorization, expedite claim repayment, or move between regions. Solution: Improve TRICARE Prime enrollment procedures, portability, and beneficiary education. Decrease administrative burdens, eliminate non-availability statement requirements, streamline claims processing requirements with greater reliance on electronic claims technology, and eliminate unnecessary reporting requirements. Require TRICARE contractors to assist beneficiaries in finding TRICARE Standard providers.
- Institute “benefits plus benefits” reimbursement methodology. TFL pays beneficiary expenses not covered by Medicare (“benefits plus benefits”). For TRICARE Standard beneficiaries with other health insurance (OHI), TRICARE seldom pays expenses not covered by other insurance (“benefits less benefits”). Solution: Restore TRICARE reimbursement policy to pay up to what TRICARE would have paid had there been no OHI coverage (as was the policy before 1993).

Since the commencement of the first class of graduates of the Uniformed Services University of Health Sciences (USUHS) in 1980, over 3,200 physicians continue to pursue careers as physicians in the Army, Navy, Air Force and the U.S. Public Health Service each year. The USUHS education process emphasizes primary care

medicine and also provides special training in military medicine and combat stress courses not found in civilian medical school curricula. USUHS graduates have also proven themselves willing to accept operational overseas assignments often viewed as less than desirable by civilian medical school graduates.

Both the fiscal year 1996 National Defense Appropriations Act and the National Defense Authorization Act prohibit the closure of USUHS. The Defense Authorization Act also provided a five year prohibition on reducing the staffing levels of USUHS below the levels established as of October 1, 1993. The Retired Enlisted Association urges the Congress to resist any efforts to circumvent the law to downscale or close the USUHS. The Retired Enlisted Association is convinced that the USUHS is an economical source of career medical leaders who serve this nation during peace and war and provide military health care consistency and stability. The Retired Enlisted Association urges the Congress to retain and fully fund USUHS as a continued source of career military physicians for the Army, Navy, Air Force and U.S. Public Health Service. The Retired Enlisted Association also supports the construction of an Academic Center to accommodate the USUHS Graduate School of Nursing.

OTHER MILITARY RETIREE ISSUES

The Retired Enlisted Association believes strongly that quality-of-life issues for retired military members and families also are important to sustaining military readiness over the long term. If the Government allows retired members' quality-of-life to erode over time, or if the retirement promises that convinced them to serve are not kept, the retention rate in the current active-duty force will undoubtedly be affected. The old adage that you enlist a recruit, but you reenlist a family is truer today than ever as more career-oriented servicemembers are married or have dependents.

Accordingly, The Retired Enlisted Association believes Congress and the Administration must place high priority on ensuring that these long-standing commitments are honored:

- VA Compensation Offset to Military Retired Pay (Retired Pay Restoration).*—Under current law, a military retiree with compensable VA disabilities cannot receive full military retirement pay and VA disability compensation. The military retiree's retirement pay is offset (dollar-for-dollar) by the amount of VA disability compensation awarded. We would like to thank the committee for providing funding for the authorized special compensation programs; however, The Retired Enlisted Association supports restoration of retired pay (concurrent receipt) for all disabled military retirees. The purposes of these two compensation systems are fundamentally different. Longevity retirement pay is designed primarily as a force management tool to attract large numbers of high quality members to serve for at least 20 years. A veteran's disability compensation is paid for an injury or disease incurred or aggravated during military service. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequently reduced employment and earnings potential. The Retired Enlisted Association also urges that disabled retired Reservists' and those retired under the early retirement authority be eligible for the authorized Special Compensation programs. What better time to authorize and fund concurrent receipt than during this period of War?
- Social Security Offsets to the Survivors' Benefits Plan (SBP).*—The Retired Enlisted Association supports amending Public Law 99-145 to eliminate the provision that calls for the automatic offset at age 62 of the military SBP with Social Security benefits for military survivors. Military retirees pay into both SBP and Social Security, and their survivors pay income taxes on both. The Retired Enlisted Association believes that military survivors should be entitled to receipt of full Social Security benefits which they have earned in their own right. It is also strongly recommended that any SBP premium increases be assessed on the effective date, or subsequent to, increases in cost of living adjustments and certainly not before the increase in SBP as has been done previously. In order to see some increases in SBP benefits, The Retired Enlisted Association would support a gradual improvement of survivor benefits from 35 percent to 55 percent over the next five-year period. The Retired Enlisted Association also supports initiatives to make the military survivors' benefits plan more attractive. Currently, about 75 percent of officers and 55 percent of enlisted personnel are enrolled in the Plan.
- Reducing the Retired Reservist age from 60 to 55.*—The Retired Enlisted Association believes that retirement pay should be paid sooner as many of these retirees will not live to their 60th birthday. Similarly, these retirees and their de-

pendents should be eligible for TRICARE health care and other military privileges when they turn 55.

—*Military Retired Pay COLAs*.—Servicemembers, current and future, need the leadership of this Subcommittee to ensure Congress remains sensitive to long-standing contracts made with generations of career military personnel. A major difficulty is the tendency of some to portray all so-called “entitlement” programs, including military retirement, as a gratuitous gift from the taxpayer. In truth, military retired pay is earned deferred compensation for accepting the unique demands and sacrifices of decades of military service. The military retirement system is among the most important military career incentives. The Retired Enlisted Association urgently recommends that the Subcommittee oppose any changes to the military retirement system, whether prospective or retroactive, that would undermine readiness or violate contracts made with military retirees.

—*The SBP Veterans Dependency and Indemnity Compensation (DIC) Offset for Survivors*.—Under current law, the surviving spouse of a retired military member who dies from a service connected disability and was also enrolled in SBP, the surviving spouse’s SBP benefits are offset by the amount of DIC (currently \$948 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member’s death in a lump sum, but with no interest. The Retired Enlisted Association believes that SBP and DIC payments, like military retirement pay and disability compensation, are paid for different reasons. SBP is elected and purchased by the retiree based on his/her military career and is intended to provide a portion of retired pay to the survivor. DIC payments represent special compensation to a survivor whose sponsor’s death was caused directly by his or her uniformed service. In principle, this is a government payment for indemnity or damages for causing the premature loss of life of the member, to the extent a price can be set on human life. These payments should be additive to any military or federal civilian SBP annuity purchased by the retiree. There are approximately 31,000 military widows/widowers affected by the offset under current law. Congress should repeal this unfair law that penalizes these military survivors.

—*Uniformed Services Former Spouses Protection Act (USFSPA)*.—The Retired Enlisted Association urges Congressional support for amending language to Public Law 97–252, the Uniformed Services Former Spouses Protection Act. This law continues to unfairly penalize active-duty armed forces members and military retirees. USFSPA has created an even larger class of victims than the former spouses it was designed to assist, namely remarried active-duty service members or military retirees and their new family. The Retired Enlisted Association believes this law should be rescinded in its entirety, but as an absolute minimum, the provision for a lifetime annuity to former spouses should be terminated upon their remarriage. This is consistent with most divorce decrees. Based on this current provision, monthly provisions for life are being granted to former spouses regardless of marital status, need, or child custodial arrangements. The time has come to cease lifetime annuities to former military spouses, should they remarry. Judicial determinations of appropriate support should be determined on a case-by-case basis and not be viewed as an “entitlement” by former spouses as exists under current law. The Retired Enlisted Association urges hearings on the USFSPA.

A CONCERN

TREA is cautious of the DOD request to assume more control of its spending. It concerns us that this authority may come at the expense of personnel and retirement issues. We urge Congress to scrutinize this latest proposal.

CONCLUSION

In addition to the above statements I ask that you all look carefully at the written statements of The Military Coalition and The National Military Veterans Alliance. These groups represent veterans and retirees communities in a very positive manner, and as an active member of both organizations, TREA requests that you give each close attention. Again, I thank the Committee for the opportunity to present our issues and concerns, and we look forward to working with you to improve the quality of life for veterans and retirees and their families.

Senator BURNS [presiding]. Mr. Garrett, thank you for your testimony. We are playing tag up here again.

Mr. GARRETT. Sure, sure.

Senator BURNS. I want to just say thank you. We enlisted your help a little bit with regard to people that had taken early retirement and some miscommunications as far as the benefits they receive and how they receive those, and we got some great information from your organization. Now we are pursuing making some changes in that so that people are ensured they get their benefits whenever they took early retirement.

And we thank you for your testimony today.

Mr. GARRETT. Yes, sir.

Senator BURNS. Thank you very much.

Now we call Joseph Barnes, National Executive Secretary of the Fleet Reserve Association. Thank you for coming today, sir, and let us apologize for the conditions in which you have to offer your testimony.

STATEMENT OF JOSEPH L. BARNES, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. BARNES. Not a problem, Senator. Thank you very much. The Fleet Reserve Association (FRA) appreciates the opportunity to present its views on the 2004 defense budget. The association thanks the distinguished subcommittee for its leadership, support, and strong commitment to important quality of life programs benefiting service members, their families, and military retirees.

My statement today addresses several priority issues. FRA recommends continued progress towards closing the military pay gap by 2006 and beyond by funding higher than civilian level pay increases. The Senate Armed Services Committee endorsed at least a 3.7 percent pay increase for all uniformed services personnel and FRA requests the appropriations necessary to implement this increase on January 1, 2004.

FRA strongly recommends full funding for the Defense health program and adequate appropriations to revitalize the Tricare Standard program. The association also believes Tricare should be available for reservists and their families on a cost-sharing basis. Bob Washington, FRA's Director of Legislative Programs, earlier addressed other health care concerns on behalf of the association and the Military Coalition.

FRA supports benchmarking the Montgomery GI Bill (MGIB) education benefits to the cost of an average 4-year college education. Noteworthy is the fact that a significant percentage of Navy enlisted personnel have no education benefits and they should be afforded an opportunity to enroll when reenlisting.

The military survivor benefit plan provides an annuity to surviving spouses equal to 55 percent of covered retired pay. This amount is reduced to 35 percent when the beneficiary begins receiving social security. FRA believes that the program should be funded at the intended 40 percent level rather than at the current level, which is less than 17 percent.

Additional issues addressed in our statement include: continuing support for an increase in end strengths to ease both operational and personnel tempos; funding for spouse employment opportunities, which are integral to the well-being and retention of service members; and supplemental impact aid funding for school districts with large numbers of military-sponsored students.

FRA strongly supports funding to maintain the commissary benefit at the current level and restates its continued opposition to privatization. The benefit is an integral part of the total compensation package. In addition, limitations on access for Guard and Reserve personnel should be lifted due to the increased reliance on these service members.

Finally, FRA advocates retention of the full final month's retired pay by the retiree's surviving spouse and the extension of the dislocation allowance to retiring service members. If authorized, the association asks for your support for these proposals, which have also been endorsed by the entire Military Coalition. Thank you again, Senator, and I stand ready to answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF JOSEPH L. BARNES

INTRODUCTION

Mr. Chairman and other distinguished Members of the Subcommittee: The Fleet Reserve Association (FRA) is grateful for the opportunity to address the panel on military personnel programs. First, however, the Association extends sincere gratitude to the Subcommittee for its outstanding efforts these past four years in enhancing life in the military for the Nation's service members and their families. The result has been nearly miraculous. Recruiting and retention is at its highest since the advent of the all-volunteer force. The "magic" spun by this subcommittee has enriched quality of life for the men and women who serve or will serve or have retired from the Armed Forces of the United States.

With 135,000 members strong, FRA presents a well-deserved salute to the Subcommittee for, among others, providing "targeted" pay increases for NCOs and Petty Officers in the grades of E5 thru E9 and funding the Tricare for Life health care program for military retirees 65 years of age or older. The Subcommittee's commitment to service members, their families, and retired military veterans is unmatched. Thanks for doing a superb job.

FISCAL YEAR 2004 DEFENSE BUDGET

FRA is acutely aware of the estimated deficits facing the United States in 2004 and succeeding years. Defense build-up is critical to this country that now plays a major role in keeping the United States, as well as other world nations, free from intrusion by an enemy or enemies. The cost of doing business defense-wise leaves little for societal and environmental programs.

FRA supports a strong defense, first and ever more. However, it is a people-oriented organization whose mission is to provide loyalty, protection, and service to its members. To serve its members effectively, the Association has a duty to apprise Congress of the resolutions adopted by them in convention.

For fiscal year 2004, FRA is seeking support from the Subcommittee for the issues and programs addressed in this statement. For the past 12 months the Association, as in almost 76 of its 79 years, renewed its commitment to serve as the premier "watchdog" organization for its members as well as the enlisted men and women serving in the Navy, Marine Corps, and Coast Guard. From that group, as well as other sources dedicated to enhancing quality of life for the Nation's Sea Services personnel, FRA offers the below recommendations for consideration and, hopefully, the Subcommittee's endorsement.

QUALITY OF LIFE PROGRAMS

The following recommendations are divided into six (6) major categories. They are: Pay and Allowances, health care, education, retirement, military construction, and other issues.

Overworked U.S. troops will accept the strain of current deployments—for a while—as long as they believe their families are cared for back home.¹

¹ Attributed to the military's top enlisted members before a House panel Mar 5, 2003 as reported by Navy Times, Mar 17, 2003.

Pay and allowances

Compensation

Recommendation.—That Congress holds fast to its commitment of closing the military pay gap by 2006 through the utilization of higher-than-civilian-pay increases to military basic pay and not permit military pay to again fall behind that of the civilian community. To accomplish the task Congress needs to react before 2006 in repealing the law authorizing the capping of annual military pay increases below that of civilian wages. Additionally, to continue its promise to erase the disparity in housing allowances that cause service members to pay higher out-of-pocket costs to reside in the civilian community.

Pay and allowances continue as the top retention choice of military personnel since the beginning of the all-volunteer force. This is substantiated once again in a recent survey conducted by FRA on its web site. More service members are married than ever before in the history of the Nation's military. Societal and economical customs demand higher incomes for military personnel, the same as for their civilian brothers and sisters. Congress in its wisdom has adopted higher pays for all uniformed members and "targeted pays" for both mid-grade officers and noncommissioned officers to meet that demand in the military. Further, Congress has committed itself to closing the pay gap between military and civilian pay levels.

For fiscal year 2004, the basic pay increase is currently locked in law at 3.7 percent, 0.05 percent higher than the latest ECI figure [37 USC, 1009(c)]. BHA (Basic Housing Allowance), also locked in law, is in for an increase in fiscal year 2004 of four (4) percent. However, the Administration's budget calls for a mix of basic pay increases beginning at 2 percent for personnel in the grade of E1 to a high of 6¼ percent for those in grade E9. With the exception of pay grades E1 and O1, all other grades are set to receive at least a 3.7 percent increase. FRA is delighted with the Department of Defense for piggybacking on the Association's 1999 Pay Study and again recommending "targeted" increases for mid-grade and senior noncommissioned and petty officers (NCOs/POs).

FRA supports the Administration's recommendations on pay and housing allowance increases and urges the Subcommittee to appropriate the necessary funds to affect the authorized increases. However, if Congress believes a higher increase should go to E1s and O1s, the Association suggests no reduction in the design to target pay increases for NCOs and POs who, until recently, have been slighted since the advent of the AVF.

FRA also urges Congress not to buy the Administration's suggestion to change the current Employers Cost Index (ECI) to the Consumer Price Index (CPI) as a measure to determine future military pay increases. One may recall that it was only a few years ago when the then incumbent Administration urged Congress to adopt the ECI. DOD noted at the time that the ECI was a much superior indicator in matching civilian wages to military pay. In the event the Administration's suggestion prevails, the Association requests that no funds be appropriated to support the administration of such a change.

Pay Raise for USPHS and NOAA Personnel

Recommendation.—FRA urges the funding of comparable basic pay raises in 2004 for Public Health Service (PHS) and National Oceanic and Atmospheric Administration (NOAA) Commissioned Officers.

Both agencies are an integral part of the seven uniformed services and should receive the same consideration as for other commissioned officers in the Armed Forces. FRA is particularly concerned for officers in the PHS who provide health care to members of the U.S. Coast Guard, identical to the care provided by officers of the Armed Services Medical Corps to members of the Army, Navy, Marine Corps and Air Force.

Reserve Compensation

Recommendation.—Support the restoration of tax deductions for expenses expended by reservists in performing military training.

With the United States resolve to maintain worldwide peace, the role of the reservist is more important than ever. Due to extensive mobilization of the reserves, some individuals/units more than once and for undesignated periods of time, it behooves Congress to improve benefits for reserves so that their numbers will meet that which the military services need to support the active forces. One of the benefits would be to allow reservists to deduct non-reimbursable expenses associated with performing monthly drills. It is the Association's fervent hope the Senate will act on the bill as soon as possible.

Dislocation Allowance

Recommendation.—Amend 37 USC, §407, to authorize the payment of dislocation allowances to members of the armed forces retiring or transferring to an inactive duty status such as the Fleet Reserve or Fleet Marine Reserve who perform a “final change of station” move.

Moving households on government orders can be costly. Throughout a military career, service members endure a number of permanent changes of station (PCS). Often each move requires additional expenses for relocating to a new area far removed from the service members’ current location.

Dislocation allowances are authorized for military-ordered moves. To aid service members in defraying these additional costs, Congress in 1955 adopted the payment of a special allowance—termed “dislocation allowance”—to recognize that duty station changes and resultant household relocations reflect personnel management decisions of the armed forces and are not subject to the control of individual members.

Odd as it may appear, service members preparing to retire from the Armed Services are not eligible for dislocation allowances, yet many are subject to the same additional expenses they experienced when effecting a permanent change of station during the 20 or more years of active duty spent earning the honor to retire. In either case, moving on orders to another duty station or to retire are both reflective of a management decision.

FRA recommends appropriating the necessary funds to affect payments of this allowance.

Health Care

Tricare

Recommendation.—FRA strongly recommends continuation of full funding for the Defense Health Program, to include military medical readiness, TRICARE, and the DOD peacetime health care mission. Additionally, FRA urges the distinguished Subcommittee to provide appropriations to revitalize the Tricare Standard Program and make the Tricare program available for reservists and families on a cost-sharing basis.

Funds need to be appropriated for the Defense Health Budget to meet readiness needs and deliver services through both the direct care and purchased-care systems for all uniformed services beneficiaries, regardless of age, status and location. Congressional oversight of the Defense Health Budget is essential to avoid a return to the chronic under-funding of past years that led to shortfalls, shortchanging of the direct care system, and reliance on annual emergency supplemental funding requests. Even though supplemental appropriations for health care were not needed last year, FRA is concerned that the current funding level only meets the needs to maintain the status quo. Addressing Tricare shortfalls will require additional funding.

Access to care is of major concern to the FRA membership. Beneficiaries report that some health providers in their areas are not willing to accept new Tricare Standard patients. The Association believes further distinction must be made between Tricare Standard and Prime in evaluating the Tricare program. Our members report increased problems and dissatisfaction with the Standard benefit.

There are a number of persistent problems with Tricare Standard, a new name for an old program once known as CHAMPUS. First, many beneficiaries have difficulty in locating Health Providers who’ll accept Tricare Standard. The paperwork is extensive and the payments are insufficient. In a FRA survey administered in early February 2003, 15 of 55 service members (27 percent) attending a military course of instruction complained of the difficulty in obtaining health care providers for their family members. (The remaining 40 were enrolled in Tricare Prime.)

Reservists are rightfully concerned with continuity of health care for their families when called to active duty. Until recently, there was no single coverage for reservists and no coverage for some. Now, reservists called to active duty in excess of 30 days may enroll their families in Tricare Prime and have access to either Military Treatment Facilities (MTF) or civilian providers. To maintain permanence of health care, many reservists and families would just as soon keep their current health care coverage. To improve readiness in the reserves, increase morale, and ease concern for families when reservists are mobilized, Congress should direct and fund DOD to implement a program whereby the reservists’ current health insurance premiums are paid by Tricare.

Education

MGIB

Recommendation.—FRA continues to support increased benefits for participation in the Montgomery GI Bill (MGIB) and to authorize certain service members the opportunity to enroll or reenroll in the MGIB.

FRA advocates the creation of a benchmark for the MGIB so that its benefits will keep pace with the cost of an average four year college education. Even with the forthcoming October 1 increases in basic rates, a MGIB student looking forward to completing the 2003–2004 academic year will have to pay out-of-pocket about one-third the cost of a four year course of education in a public college or university. If married, the shortfall in benefits will place a heavier financial burden on the student.

The Reserve MGIB has failed to maintain a creditable rate of benefits with those authorized in Title 38, Chapter 30. Other than cost-of-living increases, only two improvements in benefits have been legislated since 1985. In that year MGIB rates were established at 47 percent of active duty benefits. This October 1, the rate will fall to 27 percent of the Chapter 30 benefits. In support of Guard and Reserve personnel, being mobilized in increasing numbers, FRA seeks the support of Congress in enhancing the MGIB rates for those who choose to participate in the program.

Approximately 40 percent of the Navy's enlisted force has no educational benefits. It seems ironic that an individual enlisting in the military services is eligible to enroll in the MGIB while another seeking to reenlist does not have the opportunity. Allowing service-members to enroll in the MGIB upon reenlisting in the Armed Forces should be the norm.

Retirement

Survivor Benefit Plan (SBP)

Recommendation.—To adopt and fund Senate Bill, S. 451, to amend the Survivor Benefit Plan (SBP) [10 USC, 1451(a)] to authorize the repeal of the post-62 annuity over a period of 5 years [35 percent to 40 percent in October 2004, to 45 percent in October 2005, to 50 percent in October 2006] and to 55 percent in October 2007. Further to change the date 2008 to 2004 [10 USC, 1452(l)] at which time the retiree, attaining the age of 70 years who has paid 30 years of SBP premiums, will be fully insured for the covered amount without further payments to the Plan.

The Survivor Benefit Plan (SBP) provides an annuity to surviving spouses equal to 55 percent of the deceased member's covered military retirement pay with a reduction to 35 percent when the surviving spouse attains the age of 62. SBP also offers annuities to spouses and children, children only, former spouses, former spouses and children, and insurable interests.

Two-thirds of the total military retired community is in the enlisted grades, most are earning retirement pay in the E6 and E7 pay grades. At the time of their retirement, few are financially able to afford SBP coverage at the full amount of their retirement pay. On retirement, the typical service member may lose nearly 70 percent of the income received while on active duty. As a result, they opt for the basic amount that provides a miniscule annuity for a surviving spouse.

The Plan is perplexing adding to the confusion of what constitutes a "social security offset" when the Social Security Administration (SSA) has nothing to do with computing the SBP annuity? And the question: Why is there a sharp annuity loss suffered at age 62 for some and not for others? Why isn't Congress adhering to its original intent to cover 40 percent of the costs of the program? Why, if the SBP is patterned after the Federal Employees' plans, is FERS subsidized at 33 percent and 48 percent for CSRS? Additionally, FERS annuitants receive 50 percent of the employees' retired pay and CSRS annuitants 55 percent with no reduction in the annuity at age 62.

Mr. Chairman. Let's fix the program before our retired service members are paying 100 percent for participating in a program that was adopted to replace a previous plan where the participants were required to carry 100 percent of the costs.

Authorize Surviving Spouses a Full Month's Payment of Retired Pay for Month in Which Retirees Die

Recommendation.—In consideration of service to the Nation and the trauma surrounding the death of a retired service member, the surviving spouse would be entitled to receive and retain the final retired pay check/deposit covering any month in which the member was alive for any 24-hour period.

Current regulations require survivors of deceased military retirees to return any retirement payments received for the month in which the retiree dies. Upon the demise of a retired service member entitled to retired pay, the surviving spouse or

beneficiary is to notify the Defense Department of the death. The Department's financial arm then stops payment on the retirement check or electronic deposit and subsequently recalculates the payment to cover the actual days in the month the retiree was alive. In other cases where the death is not reported in a timely manner, any payments made for the days the retiree was not alive will be recouped.

Retirement and its related activities are most agonizing if not an arduous experience for many military retirees and families transitioning to an unfamiliar civilian-lifestyle. For the average retiree, and most likely the one who is enlisted, will suddenly discover finances will be a principal concern. On leaving active duty, the retiree's income will drop 60-to-70 percent of what was earned while in uniform. The enlisted retiree, unlike his or her active duty counterpart, will receive no death gratuity and, in the case of many of the older enlisted retirees, would not have had the financial resources to purchase adequate insurance to provide a financial cushion for their surviving spouses.

Death is a most traumatic experience for survivors. It is a most painful time when the surviving spouse must accept the task of arranging for the deceased members' funeral services. The additional cost involved constitutes a major output of scarce family dollars only amplified by the loss of retirement income when needed the most. A final month's retirement payment will go far in helping to soothe the strain on the survivor's financial obligations.

To aid in reducing the cost of the proposal, survivor benefit payments may be forfeited for the month in which the retiree dies and the survivor receives the retiree's final month's check. In the event the retiree's final month's retirement check is less than the SBP annuity, the survivor would receive the one most favorable.

Military Construction

Housing

Recommendation.—To make every effort to eliminate substandard family and bachelor housing, now referred to as inadequate by DOD, and expedite the construction of new housing to accommodate the Nation's service members and families. Also, to provide enhanced child care programs to relieve the tension of spouses or working spouses with children whose service member husbands or wives are deployed.

In a recent appearance before the House Appropriations Subcommittee on Military Construction, the Armed Services four top enlisted chiefs voiced concern for the quality and availability of housing and child care. Both are ever-most in the minds of service members deployed or serving outside the United States without their families.

Although there is a threat of base closures in the immediate future, apparently the larger military installations, such as Norfolk Naval Bases, Camp Pendleton, etc., are not at risk. There is no reason not to authorize and appropriate additional funding for both housing and child care.

Both the Navy and Marine Corps have unfunded housing priorities. For example, the Navy has reduced its fiscal year 2004 Family Housing request by 17 percent and the Corps needs \$165 million of which \$63 million is for family housing. This raises the question of whether the Navy and Marine Corps will meet their 2007 target of ridding both services of "inadequate" housing. Congress is encouraged to purge the Navy and Marine Corps of "substandard housing" (the name it was before DOD changed it to "inadequate") by authorizing and appropriating additional funding to accomplish the task.

At the same time FRA seeks increased funds for family housing it cannot ignore the need for bachelor quarters. The Association endorses the requests of the Navy's and Marine Corps' top enlisted chiefs in their statements of February 26, 2003 before the House Appropriations Subcommittee on Military Construction. (Available upon request to FRA at 703-683-1400 or fra@fra.org.)

Facilities

Recommendation.—To provide for additional funding to accommodate the construction and modernization of installation facilities at Naval and Marine Corps bases, to include physical fitness and MWR centers.

The value of having adequate facilities cannot be over-stated. The backlog of maintenance to many of the work-stations and other buildings continues to grow along side the need to replace those structures that are beyond repair. It's shameful as well as wasteful to require our service members to labor in dilapidated buildings on weapons systems and other equipment costing the taxpayers millions of dollars. Again, the Navy and Marine Corps have priorities that should be funded so more secure, cleaner, and healthier work places are available for Sailors and Marines enabling them to perform at their best.

Additionally, community support facilities require congressional attention. Physical fitness centers are much in demand. Not only are they places to relieve tension but to build body strength and improve health, both important to maintaining physical readiness.

Other Issues

End Strengths

Recommendation.—FRA believes this honorable Subcommittee is aware of the need for greater strength authorizations and funding to ease both operational and personnel tempos imposed upon a force not sufficient in numbers to sustain the current demands for manning operational commitments. Although Congress, under the provisions of the fiscal year 2003 NDAA, did allow and fund a small increase in the active component strength of the Marine Corps, it only authorized increases for the Navy, if needed, but without funding. FRA recommends Congress give greater credence to its instincts and authorize appropriations for additional manpower.

Since 1995, when it was obvious the downsizing of strengths in the Armed Forces was causing increased operational and personnel tempos, FRA has annually requested increases in military manpower. It will do so again this session of Congress.

In an appearance before the Senate Armed Services Committee last year, the Chairman, Joint Chiefs of Staff, avowed the Armed Forces will defeat terrorism “no matter how long it takes or where it takes us.” On January 31, 2003, The Washington Times reported Defense Secretary Rumsfeld as alerting his commanders “that troops will deploy for longer periods because of the war on terrorism and potential conflict with Iraq.” Missing from both statements was the promise to succeed only if the Forces had adequate manpower to accomplish the mission.

Previously, a Navy Times editorial of December 12, 2001, warned not to over-extend the military: “Time and again, America’s armed forces have shown they’ll do what it takes to serve their country. But history offers a warning: Work them too hard, keep them away from home too long, overlook their welfare and eventually they will walk.” Additionally, The Washington Times of January 31, 2003, noted that a retired Navy Admiral commenting on high military deployment rates stated, . . . “the chances of keeping a marriage together for 20 years at the current op tempo is approaching zero.”

These warnings are not to be ignored. It doesn’t take a rocket scientist to resolve the question of how the Department of Defense (DOD) can justify no need of increased manpower when the strength of the Forces has been reduced by one-third while the optemp has accelerated dramatically. Operational levels involving uniformed members of the Army, Navy, Marine Corps, Air Force, and Coast Guard have escalated significantly over the past decade to a point where the United States does not have adequate numbers of military personnel to fully accommodate the many commitments ordered by the Department of Defense and area commanders.

Early in 2002, it was reported the Army had told the Pentagon it needs 20,000 to 40,000 additional troops in fiscal year 2003, the Air Force 8,000 to 10,000, and the Navy and Marine Corps an additional 3,000 each. However, the Secretary of Defense was not favorable to an increase in manpower. Congress, in its decision, authorized an increase but because of a shortage of funds provided no money to pay the additional manpower.

There are numerous defense officials, both civilian and military, complaining uniformed personnel are doing more with less, over deployed, overworked, and stretched too thin. However, our service members are serving magnificently, but the question is: For how long and if they have to face a determined foe? Operation Iraqi Freedom is no guideline to justify further reductions in military manpower.

Spousal Employment

Recommendation.—The Association urges Congress to continue its support of the military’s effort to affect a viable spousal employment program and to authorize sufficient funds to assure the program’s success.

Today’s all-volunteer environment requires the services to consider the whole family. It is no longer adequate to focus only on the morale and financial well-being of the member. Now, his or her family must be considered, too. One of the major considerations is spousal employment which could be a stepping-stone to retention of the service member—a key participant in the defense of this Nation.

In recent years, the Armed Forces have become concerned with the plight of military spouses who lose employment when accompanying their service member husbands or wives to new duty locations. Studies have concluded that many military families suffer significant financial setbacks. Some losses are substantial. Worse, yet, is the lack of equal or even minimal employment opportunities at the new duty locations.

The services are continuing to test new programs to assist spouses in finding full or temporary employment to include counseling and training. Other initiatives will help spouses find "portable" employment in companies with customer-service jobs that can be done at remote locations. FRA salutes these efforts and encourages the military departments to continue the march.

Impact Aid to School Districts with Concentrations of Military Sponsored Students

Recommendation.—To continue to provide funds to school districts heavily impacted with military personnel-sponsored children.

The President's Budget request contains a provision to reduce funds earmarked for distribution to school districts heavily impacted with children of military personnel (and civilian employees hired by the service department concerned). The reduction is to be the amount that would be appropriated for children, known as B students, whose parents reside in the civilian community and not on the military installation.

FRA cannot urge this Subcommittee in any stronger terms to support full funding of impact aid. Previous attempts by former Administrations to terminate these payments have met with failure and rightfully so. Impacted schools could not operate efficiently nor provide adequate tutoring to service members' children with less money. Many of these schools either closed their doors to these children or threatened to do so if funds were cut.

At this time in history FRA believes it to be utterly foolish if the Nation forgets the damage the President's request, if adopted, will do to our service members' morale. There are 240,000 school children, whose uniformed service parents live off of military installations, depending on receiving a quality education from local educational facilities. It will not happen unless the funds are provided.

Commissaries

Recommendation.—To oppose privatization of commissaries and strongly support full appropriations to fund the current level of service for all commissary patrons. Additionally, to authorize unrestricted access to commissaries to Reservists.

The fiscal year 2003 budget reduced Defense Commissary Agency funding by \$137 million and envisioned eliminating over 2,600 positions from stores and headquarters staff by September 30, 2003. While surveys indicate there has been no significant loss in service to the customer, FRA cautions that further initiatives be evaluated with regard to potential negative impacts on quality and service to customers, including additional store closings, reduced hours, longer cashier lines and reduced stock on store shelves. The benefit is widely recognized as a valuable part of the service member's compensation package and a cornerstone of quality of life benefits. As in the past, FRA opposes any effort to privatize commissaries and strongly supports full funding of the benefit in fiscal year 2004 and beyond.

As in previous years, FRA once again seeks full access to commissaries for selected reservists. The process involved in issuing (annually), checking, and accounting for the current cards required of the reservist to shop in the commissary is costly and unnecessary. Reservists are part of the Total Force. They should receive the same consideration as their active duty comrades-in-arms.

CONCLUSION

FRA is grateful for the opportunity to present its goals for fiscal year 2004. If there are questions or the need for further information, I will be pleased to respond.

Senator BURNS. Thank you very much, Mr. Barnes. We appreciate your testimony.

We are looking into some of these health care issues that you are looking into and of course right now, you know, we have got budget problems and we are trying to cover too many bases with too few dollars. It is just like I asked—I met a lady on the street in Billings the other day and I asked her about her husband and she said, well, he retired. And I said, well, that is pretty great. And she says, it is not worth a darn; it is half as much money and twice as much husband. She said, that is a bad equation. So thank you very much for your testimony. We appreciate that very much.

Mr. BARNES. Thank you, Senator.

Senator BURNS. We now call Dr. James A. Fabunmi. I am sorry about that. I just killed that name, I know. I just slaughtered it. The president of the Science and Technology Workforce for America's Security. We appreciate you, and how do you pronounce your last name, sir?

STATEMENT OF JAMES A. FABUNMI, Ph.D., PRESIDENT, THE AMERICAN HERITAGE DEFENSE CORPORATION

Dr. FABUNMI. "FAH-bune-mee." And I might say that you did the best that I hear every day, so do not feel apologetic. That is fine.

Senator BURNS. Okay, thank you very much. I appreciate your patience and your goodwill.

Dr. FABUNMI. Good afternoon, sir. Mr. Chairman and members of the committee. Thank you for allowing me to present this testimony before you today. I appreciate the opportunity to present you some new ideas on how to broaden the base of production of science and technology workforce for America's security.

I represent the American Heritage Defense Corporation, a non-profit corporation registered in the District of Columbia for the specific purpose of developing and implementing programs that enhance the quality and quantity of American citizens trained in the fields of science and technology. As the committee knows, these are challenging times in the history of our great Nation. There are serious threats from abroad to our national defense, economic, and homeland security. Yet American technological prowess, which has helped ensure our military and economic security during the past 50 years, is in serious jeopardy because of the increasing shortages of American-educated scientists and engineers, who are the bedrock of our technological enterprise.

The committee may be aware of recent reports by the Council on Competitiveness, the National Science Board, and others that pinpoint some critical factors that correlate highly and positively with economic and military strength. They include: the size of the labor force dedicated to research and development and other technically oriented work; the amount of investment directed at research and development; the resources devoted to higher education; and the degree to which national policy encourages investment, innovation and commercialization.

The committee may also be aware that there are innovative economies of other countries that have made great strides in developing high-value products and services. These innovative economies are ramping their capacities to educate, train, and deploy scientific and engineering talent. Their pool of scientists and engineers is increasing briskly. The quality of patents by foreign investors—inventors is strong. Global access to capital is growing.

On the other hand, the source of the innovative capacity of our Nation is thinning. A quarter of the current science and engineering workforce, whose research and innovation produced the American technological superiority of the past decades, is more than 50 years old and will retire by the end of this decade.

The Department of Defense has historically been the largest source of Federal funding for engineering, research, and development in this country. Universities are significant collaborators with industry and are the source for young science and technology talent

for the defense sector, both public and private. In particular, Federal funding for defense basic and applied research and development has provided the majority of financial support for graduate education in the physical sciences and engineering.

The American Heritage Defense Corporation believes that it is in our national defense and homeland security interest to significantly increase our national investment in science and engineering workforce education. Indeed, on April 10, 2002, the Director of Defense Research and Engineering, the Honorable Ronald M. Sega, said, and I quote: "The quality of our science and technological workforce and the management of the laboratory infrastructure in which they work are very important factors in the overall research and engineering equation." They are critical elements in our transformation. Our science and technological workforce has been downsized considerably in the past 12 years. This has left us with a very knowledgeable workforce, but one that is also reaching retirement age. We are at a critical point that requires a focused effort to bring stability to the workforce that will attract and retain talent.

There are four key components to the development of a top-grade science and technology workforce. These are: knowledge of the basic disciplines of math and science; discovery of new knowledge in mathematics and science; applications of mathematics and science to new and future engineering systems; and the practice and design and production of useful and marketable products and services.

The first component, as well as some degree of the second component, is available at most accredited institutions across the country and could be strengthened through various educational and basic research programs sponsored by the National Science Foundation and the Department of Defense. The third and fourth components by and large are found only at institutions that have developed and maintained longstanding relationships with government and industrial laboratories, but clearly laboratories evolved in the development of systems for the Department of Defense.

The American Heritage Defense Corporation believes that the broadening of access to these four components by students at institutions across the country is a significant and necessary step to address the current shortage of American science and technological workforce. The American Heritage Defense Corporation has proposed the Science and Technology Workforce for America's Security program to offer specific approaches to broadening the base of production of a high-quality scientific and technological workforce. These approaches leverage on the internship opportunities available to students at government and industrial laboratories to create a structured integration of the two missing components into the education of American citizens enrolled in science and engineering programs throughout the country.

It is recommended that the committee appropriate funds which would enable the Department of Defense to provide a grant of \$3.5 million in fiscal year 2004 to the American Heritage Defense Corporation and an amount of \$5 million each in fiscal year 2005 and fiscal year 2006 also to the American Heritage Defense Corporation, for a 3-year demonstration program to assist the Director of

Defense Research and Engineering in implementing the proposed Science and Technology Workforce for America's Security program.

The requested amounts are estimated to provide seed funds for organizing and promoting the program and to support 30 students in the first year and 50 students in each of the subsequent 2 years of the 3-year effort.

I thank you very much for the opportunity to appear before you and I will be very happy to respond to any of your questions.

[The statement follows:]

PREPARED STATEMENT OF DR. JAMES A. FABUNMI

Honorable Chairman and Members of the Committee, good afternoon and thank you for allowing me the privilege of appearing before you today. I appreciate the opportunity to present testimony before you in support of efforts to broaden the base of production of top grade Science and Technology Workforce for American Security (STWAS). I appear before you as the President of the American Heritage Defense Corporation (AHDC), a non profit Corporation registered in the District of Columbia for the specific purpose of developing and implementing programs that enhance the quality and quantity of American citizens, trained in the fields of Science and Technology.

SUMMARY

As the Committee knows, these are challenging times in the history of our great nation. There are serious threats from abroad to our national defense, economic and homeland security. Yet, American technological prowess, which has helped ensure our military and economic security during the past 50 years, is in serious jeopardy because of the increasing shortages of American educated scientists and engineers who are the bedrock of our technological enterprise. The committee may be aware of recent reports by the Council on Competitiveness, the National Science Board, and others that pinpoint some critical factors that correlate highly and positively with economic and military strengths. They include the size of the labor force dedicated to research and development and other technically oriented work; the amount of investment directed at research and development; the resources devoted to higher education; and the degree to which national policy encourages investment in innovation and commercialization.

The committee may also be aware that there are innovative economies of other countries that have made great strides in developing high-value products and services. These innovative economies are ramping their capacities to educate, train, and deploy scientific and engineering talent. Their pool of scientists and engineers is increasingly briskly; the quality of patents by foreign inventors is strong, and global access to capital is growing. On the other hand, the source of the innovative capacity of our nation is thinning. A quarter of the current science and engineering workforce, whose research and innovation produced the American technological superiority of the past decades, is more than 50 years old and will retire by the end of this decade. The Department of Defense has historically been the largest source of federal funding for engineering research and development in this country. Universities are significant collaborators with industry and are the source for young science and technology talent for the defense sector, both public and private. In particular, federal funding for defense basic and applied research and development has provided the majority of the financial support for graduate education in the physical sciences and engineering.

The AHDC believes that it is in our national defense and homeland security interests to significantly increase our national investment in science and engineering workforce education. Indeed, on April 10, 2002, the Director of the Defense Research and Engineering (DDRE), the Honorable Ronald M. Sega, said and I quote: "the quality of our Science and Technology (S&T) workforce and the management of the laboratory infrastructure in which they work are very important factors in the overall research and engineering equation. They are critical elements in our transformation. Our S&T workforce has been downsized considerably in the last twelve years. This has left us with a very knowledgeable workforce, but one that is also reaching retirement age. We are at a critical point that requires a focused effort to bring stability to the workforce that will attract and retain talent."

There are four key components to the development of top grade S&T Workforce. These are: (1) Knowledge of the basic disciplines of Mathematics and Science; (2) Discovery of new knowledge in Mathematics and Science; (3) Applications of Mathe-

matics and Science to new and future engineering systems; and (4) Practice of design and production of useful and marketable products and services. The first component as well as some degree of the second component is available at most accredited Institutions across the country and could be strengthened through various educational and basic research programs funded by the National Science Foundation and the Department of Defense. The third and fourth components by and large are found only at Institutions that have developed and maintained long-standing relationships with government and industrial laboratories, particularly laboratories involved in development of systems for the Department of Defense. The AHDC believes that the broadening of access to these four components by students at Institutions all across the country is a significant and necessary step to address the current shortage of American S&T workforce.

The AHDC has proposed the STWAS program to offer specific approaches to broadening the base of production of high quality scientific and technological workforce. These approaches leverage on the internship opportunities available to students at government and industrial laboratories, to create a structured integration of the two missing components into the education of American citizens enrolled in science and engineering programs throughout the country. It is recommended that the Committee appropriate funds, which will enable the Department of Defense to provide a grant of \$3.5 million in fiscal year 2004 to the American Heritage Defense Corporation (AHDC), and amounts of \$5 million each in fiscal year 2005 and fiscal year 2006, also to the American Heritage Defense Corporation (AHDC) for a 3-year demonstration program to assist the Director, Defense Research and Engineering (DDR&E) in implementing the proposed STWAS program. The requested amounts are estimated to provide seed funds for organizing and promoting the program and to support 30 students in the first year, and 50 students in each of the subsequent two years of the three-year a pilot effort.

SHORTAGE OF AMERICAN S&T WORKFORCE

According to the Bureau of Labor Statistics, Aerospace Engineering degrees granted to United States citizens dropped by half from 1991 to 2000. 54 percent of United States Aerospace workers over the age 45 will leave the field during the next six years while 6 million Aerospace jobs vital to the United States Economy and National Security will open up with no Americans being trained to fill them. The Electronics Engineering Times reports that in 2000, the United States imported 90,000 engineers and computer scientists, while graduating 65,000 engineers and 15,000 computer scientists. Indeed, on April 10, 2002, the Director of the Defense Research and Engineering (DDRE), the Honorable Ronald M. Sega, said and I quote: "the quality of our Science and Technology (S&T) workforce and the management of the laboratory infrastructure in which they work are very important factors in the overall research and engineering equation. They are critical elements in our transformation. Our S&T workforce has been downsized considerably in the last twelve years. This has left us with a very knowledgeable workforce, but one that is also reaching retirement age. We are at a critical point that requires a focused effort to bring stability to the workforce that will attract and retain talent."

In a discussion of whether or not there is a shortage of S&T Workforce, it is important to clarify what the real issues are. While an unemployed scientist or engineer may wonder what is meant by "shortage", it is apparent that such a scientist or engineer is unlikely to be a graduate of the Massachusetts Institute of Technology. There are different grades of S&T Workforce, and it is safe to assume that when Industry or Government Agencies go out to recruit S&T Workforce, they are most likely seeking top grade S&T Workforce, and not just anyone with a college degree in science or engineering. Every time the debate comes up regarding the need for the Federal government to increase investments in the development of S&T workforce, there will always be opposing viewpoints that point to unemployed S&T professionals as if to indicate that there is instead a surplus in this particular labor category. The reality though is that a college degree in science or engineering does not automatically imply that one has acquired the competence to contribute productively to industry or government workforce. I want to clarify at this point that the issue of concern is the base of production of top grade S&T workforce.

COMPONENTS OF TOP GRADE S&T EDUCATION

There are four key components to the development of top grade S&T Workforce. These are: (1) Knowledge of the basic disciplines of Mathematics and Science; (2) Discovery of new knowledge in Mathematics and Science; (3) Applications of Mathematics and Science to new and future engineering systems; and (4) Practice of design, production and maintenance of useful and marketable products and services.

The first component as well as some degree of the second component is available at most accredited Institutions across the country and could be strengthened through various educational and basic research programs funded by the National Science Foundation and the Department of Defense. The third and fourth components by and large are found only at Institutions that have developed and maintained long-standing relationships with government and industrial laboratories, particularly laboratories involved in development of systems for the Department of Defense. In his book "Rescuing Prometheus", the technology historian Thomas P. Hughes stated that institutions that currently produce top tier aerospace professionals evolved from the 1960's era risk reduction projects in support of Air Defense, Ballistic Missile Defense and Space Exploration programs. These institutions have developed and maintained long-standing relationships with government and industrial research and development laboratories. In 1998 for example, according to a Department of Defense report, out of \$1.9 Billion invested by DOD in Engineering Development funding, \$763.9 Million or 40 percent went to the Massachusetts Institute of Technology (MIT) and its affiliated laboratories. It is therefore no surprise that the probability of producing a top grade S&T workforce from MIT is significantly higher than that of most other institutions. Unfortunately, there is a limit to the number of students that can attend MIT at any given point in time.

PROPOSED STWAS PROGRAM

Having identified the four key components needed to enhance the quality of S&T Workforce preparation, and recognizing that it is not practical to replicate MIT on every campus in the country, the American Heritage Defense Corporation (AHDC) has come up with an alternative approach to achieving the same ends in a manner that is measurable, and cost effective. These approaches leverage on the internship opportunities available to students at government and industrial laboratories, and will create a structured integration of the third and fourth components (see preceding section) into the education of American citizens enrolled in science and engineering programs throughout the country.

At the present time, internship opportunities that are offered to S&T graduate (and in some instances undergraduate) students are treated as little more than extracurricular programs for the students during their summer and/or winter breaks. These programs are not particularly coordinated with the degree requirements of the students, and nobody is particularly accountable for the impact of these programs on the quality of preparation of the participating students. Most significantly, these programs do not necessarily evolve into on-going relationships between the faculty at the Institutions and the S&T personnel at the government and/or industry laboratories.

The STWAS program aims to: (1) leverage national defense and homeland security research and development efforts for the training of future generations of American S&T workforce; (2) immerse American students in environments where the most exciting systems are being developed, prototyped and demonstrated; (3) focus the best and brightest American students on America's security needs; and (4) create a mechanism for the initiation, development and maintenance of relationships between Academia, Industry and Government Laboratories, centered around the educational needs of American S&T students.

The basic concept of STWAS is that internship opportunities for American S&T students at government and/or industry laboratories and centers should be coordinated with their degree programs, and facilities should be established at or near their campuses to enable them to continue the work that they have started during their on-site visits to the laboratories and centers. It requires a dedicated organization such as the AHDC to catalyze this process and take over the responsibility of putting in place the necessary human and material infrastructure for implementing such a program. The AHDC will: (1) recruit and obtain necessary clearances for participating students; (2) provide full support (tuition, fees, salary) to the students; (3) collaborate with Universities to establish on or near campus facilities for telecommuting with government and industry laboratories and centers; and (4) organize an alliance between Academia, Industry and Government to promote and expand the STWAS program into a nationwide activity.

THE AMERICAN HERITAGE DEFENSE ALLIANCE

The strategy for corporate development of AHDC hinges on the formation of the American Heritage Defense Alliance (AHDA) with participation from governmental, industrial, academic and philanthropic organizations. These organizations will be stakeholders and will assist in accomplishing the mission of AHDA to create, fund and operate Engineering Centers for expediting national defense and homeland se-

curity and to accelerate the production of higher quality American engineers in sufficient quantities for the defense and advancement of the United States of America. AHDC shall have the following classes of members: (1) Alliance Members: One representative from each of the organizations participating in AHDA provided such organization is in good standing as determined by the Alliance Committee of AHDC; (2) Ex-Officio Members: The Chair of AHDC; the President; the Treasurer; the Secretary and other officers of AHDC that are from time to time recommended for membership by the Executive Committee, provided such other officers shall be approved for ex-officio membership by the simple majority of the members of AHDC; (3) Professional Members: No more than three members in office at any one time, who are experts in matters of National Defense and Homeland Security of the United States of America and workings of Federally Funded Research and Development Centers. Nominations for membership in this class shall be from the Alliance Committee and subject to approval by a simple majority of the members of AHDC; (4) Life Members: The Principal Founder of AHDC and others elected by the members of AHDC, provided that the number of such life members shall never be greater than twenty-five at any one time.

RECOMMENDED APPROPRIATIONS

It is recommended that the Committee appropriate funds, which will enable the Department of Defense to provide a grant of \$3.5 million in fiscal year 2004 to the American Heritage Defense Corporation (AHDC), and amounts of \$5 million each in fiscal year 2005 and fiscal year 2006, also to the American Heritage Defense Corporation (AHDC) for a 3-year demonstration program to assist the Director, Defense Research and Engineering (DDR&E) in implementing the proposed STWAS program. The requested amounts are estimated to provide seed funds for organizing and promoting the program and to support 30 students in the first year, and 50 students in each of the subsequent two years of the three-year a pilot effort.

Honorable Chairman and Members of the Committee, thank you for the privilege of addressing you and representing the AHDC. If you have further questions, I would be happy to entertain them. If I cannot address them at this hearing, I will have your questions researched further and respond directly to you at a later date.

Senator BURNS. Well, thank you very much and your entire statement will be made part of the record and it will be read and perused, I know, many times. I appreciate your coming today and your recommendations will be well taken, I think, because that is an area where we continue to have a lot of support here in the Congress.

So thank you very much for coming today.

Dr. FABUNMI. Thank you, sir.

ADDITIONAL SUBMITTED STATEMENT

[CLERK'S NOTE.—Subsequent to the hearing, the subcommittee has received a statement from the Ovarian Cancer National Alliance which will be inserted in the record at this point.]

PREPARED STATEMENT OF THE OVARIAN CANCER NATIONAL ALLIANCE

On behalf of the Ovarian Cancer National Alliance, I would like to take this opportunity to share some remarks on the unique value and effectiveness of the DOD Ovarian Cancer Research Program (OCRP). As Congress is charged with the important task of allocating defense funding to meet the growing needs of our military to adequately protect American lives from unknown threats here and abroad—it is worth noting the critical role the DOD plays, through medical research, in protecting Americans from other serious and under-recognized threats like ovarian cancer.

As you may know, ovarian cancer is the deadliest of gynecologic cancers, because the vast majority of cases are not detected until advanced stage, when survival is only about 25 percent. However, when detected early, ovarian cancer survival improves to 90 percent. This toll is harsh on the 25,400 women and their families who each year receive a diagnosis of ovarian cancer. A growing number are women in the military and dependents of military families—whose service to our country is compromised when they must battle this terrible cancer too!

In order to adequately improve women's chances of surviving this devastating disease, the Alliance is requesting an appropriation of \$15 million, specifically earmarked for the DOD Ovarian Cancer Research Program (OCRP) in fiscal year 2004. Because the OCRP suffered several cutbacks over the past two years, and because this program is so modest to begin with, the designation of \$15 million is critical to the continued health and success of the life-saving research supported by this initiative.

The DOD Ovarian Cancer Research Program, like the breast and prostate cancer programs in the DOD budget, augments the important funds spent on cancer research by the National Cancer Institute. As in the funds spent at NCI, the DOD cancer research proposals must be peer-reviewed and meet standards of scientific excellence.

There are however, several unique aspects of the DOD Ovarian Cancer Research Program. The DOD ovarian program promotes "innovative" approaches to research that will lead to a better understanding and control of the disease. The program encourages projects and idea awards that propose new ways of examining prevention, early detection and treatment and bring new investigators into ovarian cancer research. Proposals that address the needs of minority, elderly, low-income, rural and other underserved women are highly encouraged. And finally, since their inception nearly ten years ago, the DOD programs have actively involved consumers on all Scientific Peer Review and Integration (Program Design) panels. Consistent with DOD's support of consumer involvement, two Alliance leaders serve on the Integration Panel and based on our recommendations, over a dozen ovarian cancer advocates serve on the Scientific Review Panel. At NCI, a formal program designed to involve consumers in decision-making was recently established, and is drawing on the successful experience of the DOD programs.

For the past 6 years, the DOD OCRP has been dedicated to supporting research that will improve the outcome for women with ovarian cancer. Its successes to date are impressive. There have been 69 publications in scientific journals, 119 abstract at professional meetings and over 20 new investigators recruited into the field.

A distinguishing feature of the DOD OCRP has been program project grants. Several multi-year ovarian cancer project grants were awarded to cancer centers in Pittsburgh, Minnesota and Indiana. As result of these program project grants, these cancer centers have greatly enhanced their ovarian cancer research capabilities—and have already begun to develop some breakthrough findings in the areas of prevention and early detection. Two cancer centers, Fred Hutchinson in Seattle and Fox Chase in Philadelphia, funded by the DOD OCRP, went on to win major grants from NCI through the SPORE program (Specialized Program of Research Excellence). Particularly with the Hutchinson, the DOD grant enhanced their capacity to compete successfully for important NCI funding. Through this program, researchers have identified several new biomarkers that are promising as markers for early detection. They have also identified an agent in oral contraceptives that help protects against ovarian cancer—and that could result in an urgently needed way of preventing ovarian cancer. The only caveat is—if the program continues to receive reduced funding from the DOD, these researchers will not be able to continue their important work.

With a strong track record and a growing core of investigators who are contributing vital knowledge that could improve prevention, early detection, and ultimately survival from ovarian cancer, the DOD OCRP is making a difference in women's lives.

On behalf of the entire ovarian cancer advocacy community—patients, family members, caregivers, clinicians and researchers—we thank you for your leadership and support of the Ovarian Cancer Research Program. We very much hope we can continue to count on you to provide \$15 million for this program, so that the life saving research it supports will continue.

DEPARTMENT OF DEFENSE OVARIAN CANCER RESEARCH PROGRAM

Over the last six years, Congress has appropriated funds for the Department of Defense (DOD) Ovarian Cancer Research Program (OCRP). Modeled after the very successful breast cancer research program first included in the DOD budget in 1992, the OCRP is a component of the DOD Congressionally Directed Medical Research Program (CDMRP). Currently funded at \$10 million, the annual appropriation reached as high as \$12 million in 2000 and 2001. Each year, the DOD OCRP funding is considered for renewal by Congress or the program terminates.

Overall, the OCRP has received a total of \$71.7 million, which has supported 62 awards—out of 575 proposals submitted. Because the program has received \$37 million worth of proposals ranked excellent or outstanding that have NOT been funded,

ovarian cancer advocates and Congressional leaders are requesting a funding increase—to \$15 million for fiscal year 2004.

With ovarian cancer research neglected and underfunded for too long, restoring recent cuts in Department of Defense's Ovarian Cancer Research Program is critically important. This program strengthens the federal government's commitment to ovarian cancer research and supports innovative and novel approaches that offer promise of better understanding the cause and prevention of ovarian cancer.

THE DOD OCRP HAS AN OUTSTANDING RECORD OF ACHIEVEMENTS

69 publications in scientific journals.

119 abstracts/presentations at professional meetings.

Over 20 new investigators recruited into ovarian cancer research.

2 patent applications filed.

The commitment to a serious, sustained ovarian cancer research effort by several new institutions that prior to their DOD grant, did little in ovarian cancer. With the award of multi-year project grants, the University of Pittsburgh, University of Minnesota, Indiana University, University of South Florida, the Medical University of South Carolina and Fred Hutchinson Cancer Center in Seattle have dramatically increased the ovarian cancer research infrastructure and the capacity for breakthrough findings that will improve women's survival from this deadliest of women's cancers.

Two cancer centers—Fred Hutchinson in Seattle and Fox Chase in Philadelphia—funded by the OCRP went on to win major grants from NCI through the SPORE program (Specialized Program of Research Excellence). Particularly with the Hutchinson, the DOD grant enhanced their capacity to compete successfully for important NCI funding.

A top ovarian cancer researcher from Duke University identified the hormone progesterin as a key agent in oral contraceptives' activity in reducing the risk of ovarian cancer. This finding has significant implications for preventing ovarian cancer.

Several new bio-markers have been identified that have the potential to improve early detection.

Three new agents that inhibit tumor growth, spreading and new blood vessel formation (angiogenesis) have been discovered—a development that could result in new and more effective treatments.

ADDITIONAL INFORMATION ABOUT THE PROGRAM

The DOD ovarian cancer research program augments the important funds spent on cancer research by the NCI. As with the funds spent at NCI, the DOD cancer research proposals must be peer-reviewed and meet standards of scientific excellence.

There are however, important differences between the NCI and DOD cancer research programs. In considering the DOD research programs, Congress each year "earmarks" or designates a specific dollar figure for each cancer. By contrast, at NCI funding levels for particular cancers are not specified, and Congress does not play a role in determining allocations by cancer. In another important area of difference, the DOD program promotes "innovative" approaches to cancer research. And finally, since their inception ten years ago, the DOD programs have actively involved consumers on all scientific peer review and Integration (Program Design) panels—a process that has only recently been implemented at NCI.

A unique feature of the DOD Ovarian Cancer Research Program is that it promotes innovative research that will lead to a better understanding and control of ovarian cancer. The program also encourages projects and idea awards that propose new ways of examining prevention, early detection and treatment, and also bring new investigators into ovarian cancer research. Proposals that address the needs of minority, elderly, low-income, rural and other under-represented populations are strongly encouraged. Overall, the DOD OCRP is fostering the development of a sustained commitment to ovarian cancer.

All proposals are evaluated in a two-tiered review system. At the first level, a multi-disciplinary panel rates each proposal on the basis of scientific merit. Final decisions are made by an Integration Panel, based not only on scientific merit, but also on the programmatic goal of innovative ideas. Consistent with DOD's support of consumer involvement, four Ovarian Cancer National Alliance leaders have served on the Integration Panel, and over a dozen Alliance-nominated advocates on Scientific Review Panels.

The Ovarian Cancer National Alliance is a consumer-led umbrella organization uniting ovarian cancer survivors, women's health activists and health care professionals in a coordinated effort to focus national attention on ovarian cancer. The Al-

liance is working at the national level to increase public and professional understanding of ovarian cancer and to advocate for increased research for more effective diagnostics, treatments and a cure.

CONCLUSION OF HEARING

Senator BURNS. This concludes the hearing of the subcommittee, the scheduled hearings on the fiscal year 2004 budget request. The subcommittee will stand in recess subject to the call of the Chair. By the way, the record will remain open and I will let the chairman close that because no subordinate will ever close the chairman's record.

This meeting stands recessed.

[Whereupon, at 12:15 p.m., Thursday, May 15, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]